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know the shape of things to come, although we can be confident the future is less likely to be Marxist, which brings us to the fate of the third member of the Eighties' leadership troika.

Mr. Smith rightly notes that Reagan and Thatcher did not bring Mikhail Gorbachev to power, and were not the cause of either the Soviet Union's dreadful economy or the Iron Curtain's embrace of faith and liberty. However, they *were* the ones who strengthened the West's defenses and reinvigorated its markets, and then, Mr. Smith writes, "they broke totally new ground—they convinced [Gorbachev] that it would be safe to stop [the arms race]. . . . That this was done by the most right-wing leaders in the West made the assurance all the more effective."

Geoffrey Smith, long a reporter for the *Times* of London, is as comfortable in Washington as in Whitehall. Few writers will ever have more access to the living memory of the last decade; fewer still will interpret the evidence with as much insight. *Reagan and Thatcher* proves that it's not time that must pass for first-class history to be written, just naïveté. Edmund Morris, take note. □

Nau to the Point

DOUG BANDOW

SERIOUS SCHOLARS produce books that enlighten; publicists create titles to cash in on the last best-seller. Henry R. Nau's *The Myth of America's Decline* is a mixture of the two.

Although Nau, a former member of the Reagan National Security Council staff, takes a shot or two at Paul Kennedy, author of *The Rise and Fall of the Great Powers*, Nau's book is primarily a guide to postwar international economic policy. It is a sober and thoughtful work, eschewing partisanship while examining the differences between various Administrations' policies. He builds an overwhelming case that moral purpose and commitment to free-market policies lead to economic prosperity and international influence.

The Myth of America's Decline: Leading the World Economy into the 1990s, by Henry R. Nau (Oxford, 424 pp., $29.95)

Nau's basic argument is that "choices matter." The power of the U.S. has declined since World War II, but it is America's "choices of national purpose and economic policy"—generally more "liberal" in a classical sense—that "explain the ups and downs of America's influence in the postwar period." During the 1970s, for instance, U.S. influence waned because of self-doubt and inefficient economics, not because of a declining share of world GNP; in the following decade American values helped spark the transformation of the Communist world, not because of any change in relative GNP, but because of a firmer commitment to policies that worked.

Nau's criticism of the various "structuralist models" of international economics, such as those based on material capabilities and social forces, is well taken. Notably, the liberal order promoted by the U.S. after World War II has persisted despite the decline in America's power. In short, Nau contends that one must look at human action as well as institutional structures to understand the development of global economic policy.



Chris Miles

From this Nau concludes that "to influence the world" the U.S. "does not need as much power as it did twenty or forty years ago." He is less concerned with specific military deployments than with national policy and confidence. The U.S., he writes, "can maintain its leadership by being more of a global pope than a global power, supporting basic political values of individual freedom and economic initiative throughout the world less by its military legions than by its diplomacy and domestic example. In this sense, some adjustment of America's military presence in the world community is called for."

Nau does not, however, believe that history has "ended," that Western ideas no longer face any challenge. People will still have to make choices, and those choices will determine their level of economic success and international influence.

In an attempt to learn from history, Nau carefully chronicles postwar international economic policy. The U.S. succeeded after World War II, writes Nau, because "it imbued regional Western institutions with a clear sense of purpose and policy direction. It did not shy away from asserting its own preferences, particularly the policy triad of low inflation, flexible markets, and freer trade." These policies, he emphasizes, came about not because of one international institution or another, but rather through "voluntarist debate in each country."

Similarly, Nau asserts, the Bretton Woods system collapsed not because of any inherent structural problem, but because "deliberate policy choices by the U.S. and its principal allies shattered the foreign-policy consensus on containment and weakened the political framework supporting" it. Countries became increasingly interventionist as a result of a change in *ideas*.

Particularly useful is Nau's analysis of economic policy under Reagan, which he helped shape. "Reaganomics," though market-oriented, did not represent a single whole. Nau says that "the new ideas stressed the old policy triad of price stability, flexible markets, and freer trade, but they did so in a piecemeal and unintegrated fashion." Nevertheless, the Reagan Administration chose basically sound policies and remained on course despite early setbacks, such as the 1981 recession. Its "stubbornness served it

Mr. Bandow, a senior fellow at the Cato Institute, is a nationally syndicated columnist and author of The Politics of Plunder.

well," writes Nau, and ultimately the U.S. encouraged a global turn to market-oriented policies.

Unfortunately, President Reagan, despite his early successes, failed to take full advantage of his opportunities in later years. In particular, efforts to cut federal spending and promote freer international trade lagged. Nau concludes that the Reagan Administration did not do enough to lead malleable public sentiment: the Administration "acted instinctively to sharpen moral and political differences with totalitarianism and to reconstruct the domestic economic foundations of a stable, open, and growing international economy. But it would never fully understand conceptually what it was about or care enough to explain its policies consistently and patiently to its own public or to its allies."

Nau's analysis is not without flaws. He wants the U.S. to maintain a major military presence in Germany and Japan, despite the rapidly changing international environment. And he wants "a new global initiative" involving additional aid to solve the debt crisis, even though experience suggests that foreign "assistance" is more hindrance than help.

But the fundamental lesson that Nau draws from our postwar international economic experience is sound: "The most important economic requirement for open and efficient international markets is non-inflationary, market-oriented domestic policies." In an era of more intrusive government intervention at home and abroad, Nau's message is worth repeating.

Henry Nau has written more than the usual policy book. Well-documented and powerfully argued, its theme is simple but crucial: A firm commitment to market policies is the most important means of guaranteeing America's international influence. *The Myth of America's Decline* may not deserve a place among the classics of political economy, but it certainly belongs on George Bush's nightstand. □

Descartes Blanche

LOREN E. LOMASKY

THE FIRST PART of Jeffrey Reiman's *Justice & Modern Moral Philosophy* traces the evolution of social-contract theory from Hobbes and Locke through Rousseau and Kant and on to Marx and beyond. This may seem like dry stuff, and in the hands of most expositors it is. But in this rendition it takes on a riveting

Justice & Modern Moral Philosophy, by Jeffrey Reiman (Yale University Press, 322 pp., $24.95)

life of its own as high drama of the mind. Because Reiman has thought originally and deeply about some of the most important issues of political life, his book will receive considerable attention from academics—though not academics exclusively.

It all began, according to Reiman's arresting telling, with Descartes's Evil Demon. No escapee from the shadows of the occult, this hypothetical being was constructed to be a sophisticated detection device for beliefs contaminated by superstition, prejudice, haste, or any other defect that would render them untrustworthy. The history of human aspirations to truth had been a sorry series of subjugations to an endless variety of errors; in order to make a decisive right turn in the direction of indubitable knowledge, one had to cast off all that might blinker a clear gaze.

The Evil Demon was the personification of all those external bars to right understanding, and if Descartes could arrive at a belief so basic, so undeniable that not even this malignant opponent could elicit error from him, he would have arrived at an Archimedean point on which a firm foundation for science could be constructed. In "I think, therefore I am," he found his quarry. It was the fact of thought itself, and not some putative authority outside of his mind, that would ensure release from error.

Although Descartes revolutionized theoretical philosophy, he had little to say about practical concerns of morals and politics, and that little was largely

Mr. Lomasky is a professor of philosophy at Bowling Green State University in Ohio.

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Is the Party Over?

THE AGE OF DIMINISHED EXPECTATIONS
U.S. Economic Policy in the 1990s
By Paul Krugman
MIT Press. 204 pp. $17.95

THE MYTH OF AMERICA'S DECLINE
Leading the World Economy into the 1990s
By Henry R. Nau
Oxford University Press. 424 pp. $29.95

By Matthew Miller

IS AMERICA about to lead the world into a new, post-Cold War era, in which the spread of democracy brings prosperity to every corner of the globe? Or is America instead doomed to drift, unable to muster the will to put its economic house in order and thus incapable of sustaining the American Dream even within its own borders? Two new books offer different perspectives on our likely national prospects as the new century approaches.

Paul Krugman, an MIT economist, sees the glass being half empty. As its title suggests, *The Age of Diminished Expectations*—originally published as a limited edition "briefing book" by The Washington Post Co.—argues that the startling feature of American life today is the equanimity with which Americans accept a level of economic performance that would have drawn protests two decades ago. For the first time in American history, our children cannot expect to live better than we have; public-policy initiatives seem perversely bent on widening the gap between rich and poor, and our spiralling national debt threatens to erode the independence we presume as our birthright. Yet in the face of these and other astonishing turnabouts, an indifferent polity yawns.

Krugman is not out to account for our apathy or to issue a call to action. Instead, his slim volume is a sophisticated guided tour through the major economic issues facing the nation today. Its clarity and reasonableness should make it an indispensable companion for anyone seeking to understand the true stakes behind the circus-like charades that pass for debate in Washington.

Krugman devotes chapters to the budget and trade deficits, inflation, the dollar and the role of the Federal Reserve. Special attention is paid to the free trade versus protectionism debates and the financial excesses of the 1980s that brought us the mergers and acquisitions binge, the S&L fiasco and the time bomb of Third World debt.

Krugman pauses at every juncture to ask why we should care about such abstractions as deficits, productivity or savings in the first place. Where controversy exists, he clearly summarizes the major points of view before offering his conclusions. And he routinely demonstrates that, despite the overheated rhetoric, our leaders are either tinkering at the margins or simply playing make-believe.

Take the trade deficit. While the question of America's "competitiveness" is important to address, Krugman explains, the accounting reality is that the trade imbalance is caused by our low national savings. This requires us to import huge quantities of foreign capital to maintain our levels of investment, which in turn means that other countries must run trade surpluses to generate the money to finance us.

The surest way to boost our savings is to eliminate the budget deficit, which represents massive government "dissaving." But this involves unpleasant choices, so politicians clamor instead for "get tough" trade policies that skirt the real issue, pander to economic jingoism and stand little chance of making more than a minor dent in the trade numbers.

Analyses that expose this kind of bipartisan make-believe fill the book. But Krugman also challenges pieties in a few areas that are bound to spark controversy.

In a chapter on trade policy, for example, Krugman calculates that a full-blown trade war would hurt the U.S. economy no more than a mild recession. But his analysis assumes that the world splits into three large trading blocs—centered on Europe, Japan, and the United States—within which much trade already flows. The results would be far more dire if all countries began closing their borders to all others.

If in the end there's one thing depressing about this excellent book, its the way Krugman instinctively takes for granted our political system's inability to deal directly with the problems we face. There's no reason to date dispute him and no one's saying he has to write a manifesto; but after a while it's like being around a doctor who's impersonally fascinated with your own creeping demise.

Henry Nau, by contrast, thinks we can and must do better. Nau, a dean at George Washington University who served in economic policy posts under presidents Ford and Reagan, writes to challenge the "American decline" fad sparked by Paul Kennedy's 1987 book, *The Rise and Fall of the Great Powers.*

Nau's basic argument is persuasive: the Cold War is over; American values have prevailed; and any relative loss of U.S. economic power in the world is the expected result of our policy of rebuilding nations that shared our political values. Moreover, because the international community increasingly shares these values, the United States can continue to exert influence without the degree of hegemony it enjoyed after World War II—a dominance that was an historical accident in any event.

Having made this case for the enduring relevance of American leadership, Nau devotes the bulk of *The Myth of America's Decline* to culling from the postwar era the lessons for U.S. policy toward the international economy in the 1990s. Put briefly (an exercise that Nau's book might have benefited from), Nau's thesis is that the world economy thrives when price stability, flexible markets and free trade are in the ascendant—and that these policies follow only when America's "national purpose" is devoted to their broad promotion.

"Is America doomed to drift, unable to muster the will to put its economic house in order, incapable of sustaining the American Dream even within its own borders?"

Thus, Nau argues, America's compelling mission to rehabilitate the European democracies and preserve Western freedoms from Soviet threats harnessed a broad commitment to efficient economic policies from 1947-67. The result was liberalized trade, low inflation and minimal government intervention in markets. In the 1970s, however, when America doubted its self-worth and chose less efficient policies, its influence weakened and world economic performance suffered. Nau's occasional use of a shoehorn to fit events into his thesis is more than compensated for by the rich detail of postwar economic relationships he chronicles.

Nau finds cause both for worry and opportunity today. He rightly fears that the Reagan administration's failure to address the budget and trade deficits, combined with its reliance on trade restrictions and cosmetic currency manipulations, set the stage for a decade in which price stabilty and free trade are at risk.

The biggest losers under such a scenario are precisely the group for whom the end of East-West preoccupations should hold the most promise: the Third World. Languishing under a mountain of debt and without the clout to prevail in a world where trade becomes "managed" by bilateral deals, these nations' fates truly hang in the balance awaiting the next pendulum swing in America's agenda.

Will the post-Cold War international order realize its promise? Or will it become instead a kind of South Africa writ large, with "have" countries struggling to stay immunized from the desperate aspirations of the "have nots"? Nau remains hopeful. But the current parochial impasse in global trade talks (stalemated in part because of America's wildly protectionist textile policies)—as well as the laughable-if-it-weren't-so-tragic budget gridlock we witness daily—hardly inspires confidence that any revival of larger American purpose is imminent. ■

Matthew Miller, a New York management consultant, writes frequently on politics and economics.

DAVID WARSH

Writing the Book on America's Past and Future as a Superpower

Perhaps the most overlooked book of the summer is Henry Nau's unappetizingly titled, "The Myth of America's Decline: Leading the World Economy into the 1990s." Even in its best passages, it's not exactly fun to read.

But in its concentration on the economic underpinnings of the emerging world order, its sharp judgments about international cooperation since Bretton Woods, its cool-headed prognostications of the future—in short, in its insistence on attention to the narrative thread that has united Americans, Russians, Germans and the Japanese since the end of World War II—it is probably a better guide than the others to the shape of things to come. Nau's book argues that America remains the only genuine superpower in the world. To regain its self-confidence, he argues, it mainly needs to resume living up to its economic responsibilities.

Nau is a professor of political science and associate dean at George Washington University who has served in three administrations. For him, the central story since the end of World War II is one of increasing global economic integration. He correctly observes that Reagan was the president who most firmly believed that ideas mattered; but without the convictions of a true Reaganaut, he is free to trace the history of American leadership since 1944 in a relatively dispassionate and well-informed way.

In "The Myth of America's Decline" Nau hasn't sought to integrate journalistic color and mood-mongering into his account of the policy decisions, which range from vapid international conferences to the world-building intricacies of the Marshall Plan. Instead, he's simply laid out the history of the choices American leaders have made over time in the realm of international economic cooperation. His book is a history of laws and institutions in a dozen countries, monetary crises, summit meetings, influential studies and false trails in what he calls the "policy cocoon," a place where politicians, professionals and journalists go about their consensus-building business.

In a month during which Richard Nixon was lionized by three former presidents at the opening of his Yorba Linda library, it is nothing less then dazzling to consider the record of Nixon's foul-ups in the economic realm that are recorded here, especially those of Treasury secretary John Connally and chief international economist Peter Peterson. To read Nau is to realize how much Nixon's famous line—"I don't give a [expletive] about the lira!"—was raised to the level of principle in his administration. The conduct of his economic policy was like the wine policy at his table, on which he kept one good bottle for himself and served house wine to everyone else: It wasn't a stance calculated to endear him to the larger world, no matter what those ex-presidents say.

Having gradually abandoned the three-part Bretton Woods policy of price stability, flexible markets and freer trade, the Johnson and Nixon administrations set the stage for the turmoil of the 1970s, Nau argues. OPEC wouldn't have happened so abruptly without the backing off that started in the mid-1960s, he says; the extreme American fiscal self-indulgence in the 1980s wouldn't have been possible without floating rates.

So restoring the Bretton Woods policy triad is the task at hand now, according to Nau—far more than issues of wealth and class, it is what American politics should be about. "America leads today, less by sheer size of resources, than by its domestic purposes and procedures, which are widely admired and increasingly emulated around the world," he writes. "In short, America leads by knowing what it stands for politically and by getting its house in order economically."

David Warsh is a columnist for the Boston Globe.

U.S. Accuses GATT Partners Of Stalling Talks

Farm Issue Progresses, Others Remain Unresolved

By Stuart Auerbach
Washington Post Staff Writer

The United States accused its trading partners yesterday of stalling in global free-trade negotiations and warned that a failure of the talks threaten the system of economic cooperation that brought unparalleled growth to the world since World War II.

"We are not as far advanced as we need to be at this time in the negotiations. Time has become our enemy," Julius Katz, deputy U.S. trade representative, told other negotiators in the Uruguay Round of talks to expand and

this week in Geneva were deemed by GATT Director General Arthur Dunkel as crucial to breaking deadlocks. Instead, U.S. officials said the gridlocks remain, although some progress was reported yesterday over liberalizing farm trade, a major impediment to the talks.

"There are blockages in every major area, in every area of importance to the United States," said a U.S. trade official in Geneva.

"It is clear there has not been the chemistry [in the negotiations] to start moving toward one another."

Among key negotiating areas in which deadlocks persist, the official said, are expanding GATT rules to cover the free flow of investment, trade in services such as banking, insurance and engineering, and protection against

"There are blockages in every major area, in every area of importance to the United States."

—U.S. trade official

GOP Lobbyist To Be Subpoenaed In Thrift Probe

Former Bush Aide Accused Of Secret Stake in S&L

Senator Howard Metzenbaum (D-Ohio) yesterday disclosed that a Republican lobbyist had a secret stake in a Texas savings and loan whose sale is the target of a widening Senate investigation.

Metzenbaum said documents recently obtained by a Senate subcommittee show that Washington lobbyist Robert J. Thompson "claimed to be entitled to a 2 percent share" of Bluebonnet Savings Bank of Dallas, which is receiving $1.85 billion in federal subsidies, a deal Metzenbaum says is "the worst case we have found" of abuse in the S&L bailout.

who failed to disclose legal problems that might have disqualified him from buying a financial institution. In addition to Bluebonnet—an amalgamation of 15 failed thrifts obtained from the Federal Savings and Loan Insurance Corp.—Fail also took over an insolvent Oklahoma bank with aid from the Federal Deposit Insurance Corp.

Thompson was not only a paid lobbyist for Fail in the Bluebonnet transaction, but also had a previously undisclosed stake in the deal, Metzenbaum said yesterday. "We believe this interest to be worth millions of dollars," he said in a statement. "Until recently, we had no reason to believe that Mr. Thompson has such a personal stake in seeing the deal go forward."

Aides said they could not elaborate on Metzenbaum's statement about Thompson's stake in the project. Thompson could not be reached for comment last night.

Metzenbaum said Thompson has provided some documents sought by the Senate antitrust, monopolies and business rights subcommittee but on Monday balked at providing further information to the panel, which

Fed Approves Sovran/C&S Bank Merger

The Federal Reserve Board yesterday approved the merger of Sovran Financial Corp. of Norfolk and Citizens & Southern Corp. of Atlanta into a bank holding company with more than $50 billion in assets—the 12th-largest in the nation.

The new company, to be called C&S/Sovran Corp., will operate more than 1,000 banking offices in seven states and the District of Columbia. Sovran is the largest commercial banking organization in Virginia, as C&S is in Georgia.

In approving the merger, the board turned aside objections from citizens groups in Atlanta and Chattanooga, Tenn., that C&S and Sovran have

THE WHITE HOUSE

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For Immediate Release

May 27, 1991

REMARKS BY THE PRESIDENT
IN COMMENCEMENT ADDRESS TO YALE UNIVERSITY

Yale University Quadrangle
New Haven, Connecticut

11:55 A.M.

THE PRESIDENT: Thank you very, very much. President Schmidt and members of the faculty, and the Yale community, fellows of the Yale Corporation, and especially with congratulations to my fellow honorands -- it is an honor to be here today. Mayor Daniels, it's nice to be back in the city. And most importantly, to the graduating students -- congratulate each and every one of you. (Applause.) May I single out Yale's band. They've cleaned up for today, and they've never been better under Mr. Tom Duffy. Thank you, sir. (Applause.) And thank you for the warm welcome. Si res prehensio en cano est non oves sic vacio. That means, if you're holding up the sign, you can't throw eggs. (Laughter and applause.)

I remember my own commencement. Like so many of my classmates, I'd come to Yale fresh from war -- ready to make up for "lost time." I remember our impatience and our optimism. And we sensed upcoming adventure. I imagine it's the same today for all of you. It's almost as if life is about to begin -- that is, if the commencement speech ever ends. (Laughter.)

Twenty-nine years ago, President Kennedy stood right here, and my dad was honored with him. And he said, "I have the best of all worlds -- a Yale degree and a Harvard education." (Laughter.) He had it wrong. I've got the best of all worlds -- a Yale education and a Yale degree. (Applause.)

My day was no different. There's an excitement in the air, and Barbara and I spent a good part of our senior year thinking about, literally, becoming farmers. We talked about life on the land and rising early and working hard and raising a crop and a family. And we looked into the finances of running a farm. In the end, we decided against the whole idea. We realized that when it came to pigs and chickens and cattle or corn, we didn't know the first thing about farming.

So, of course, there was only one alternative: I went west and became an oilman. (Laughter.) The days after -- the day -- the very day after the ceremony like this one, I traded the familiar surroundings of this beautiful old campus for the dust and grit and searing heat of the Lone Star State.

Odessa, Texas, became my world. And yet far beyond 37 Hillhouse Avenue where Barbara and I lived, or the Flatlands of West Texas, change rocked the whole world in ways that would affect us all for more than 40 years. On June 20th, 1948 -- my graduation day -- the United Nations sent out its first peacekeeping force -- 49 men from the United States and six other nations -- to bring the promise of peace to the Middle East. And on that day, the Soviet Union tried to clamp down on the free sectors of Berlin -- the Berlin Blockade had begun. And on that day, Congress, after an all-night session, passed a bill to help the nations of war-torn Europe. That package would become known, as we all know, as the Marshall Plan.

Today's world -- your world -- is every bit as

MORE

astonishing. Back in my day, opportunity knocked. And yours -- yo pager beeps.

We have seen in two short years the end of a long era o Cold War and conflict. The Iron Curtain collapsed -- it's gone, th wall is down. (Applause.) And with it the myth of an ideology called communism. On the barren ground that once separated East an West, the democratic idea sprouted anew.

As a nation, we can take great pride in this triumph. vindicates more than 40 years of American vigilance -- a lesson learned on the battlefields of Europe and the seas of the South Pacific -- that this nation could no longer pursue a policy of "splendid isolation."

The democratic renaissance in Central and Eastern Europ -- the blossoming of democracy here in the Americas -- the emerging consensus on the African Continent that democracy is the road to development -- none of this would have taken place if America had turned inward, away from the challenges of a new world.

So today, as we seek to promote freedom and democracy a human rights -- as we seek to strengthen stability within the international community -- an America confident enough to engage th world remains our best hope for peace, security and shared prosperity. (Applause.)

Look in every corner of the globe and you will find that the American example has consequences. When we reach out, we offer more than cars or grain or MTV. We exemplify an ideal -- an ideal that conquers circumstance and suspicion, that conquers despots and empowers people. Some argue that a nation as moral and just as ours should not taint itself by dealing with nations less moral, less just. But this counsel offers up self-righteousness draped in a false morality. You do not reform a world by ignoring it. (Applause.)

East Asia is a case in point. Today, this dynamic regio plays an important role in the world economy. As it has grown more prosperous, it has also grown more free. Driven forward by the engine of economic growth and trade, especially with the U.S., South Korea and Taiwan have shed their once authoritarian rule in favor of democracy and freer trade.

This same approach guides our policy towards the People' Republic of China, home to fully one-fifth of the world's people. China easily can affect the stability of the Asian-Pacific region -- and therefore, affect the entire world's peace and prosperity. The Chinese play a central role in working to resolve the conflict in Cambodia and relax tensions on the Korean Peninsula. China has a voice now in the multinational organizations. And its votes in the United Nations Security Council against Iraq's brutal aggression helped us forge the broad coalition that brought us victory in the Gulf. (Applause.)

And so when we find opportunities to cooperate with China, we will explore them. When problems arise with China's behavior, we will take appropriate action.

After the tragedy of Tiananmen, the United States was th first nation to condemn the use of violence against the peacefully demonstrating people of Beijing. We were the first to guarantee the rights of Chinese students studying on campuses across the country -- including here at Yale. (Applause.)

The United States was the first nation to impose sanctions -- and we are now the last, alone among the Western democracies, to keep those original sanctions in place. At every high-level meeting with the Chinese government, U.S. officials reiterate our position on human rights violations.

Unfair trade is also high on our agenda. Just last

MORE

month, we cited China under the trade rules of a special 301 for pirating U.S. copyrights and patents. And for the sake of national security, we will ban technologies and equipment to any Chinese company found to violate rules outlawing transfer of missile technologies.

We will continue to advance our interests and ideals: for free and fair trade -- for broader democratization -- for respec for human rights throughout China.

Let me be clear: As a member of the United Nations, China is bound by the U.N. Declaration of Human Rights. We will hol China to the obligations that it has freely accepted.

And, finally, we continue urging China to exercise restraint in its weapons exports. Our recent experience with Iraq proves how dangerous the deadly trade can be. And very soon, I will announce significant new steps that we can take to control arms exports to the entire Middle East. (Applause.) Every nation must play a part in this effort. That's why we urge the Chinese government to abide by the letter and spirit of international agreements on missile technology controls -- and to do what 141 othe nations have already done: sign the Nuclear Nonproliferation Treaty (Applause.)

And this is one way that the United States can be a catalyst for positive change. This week, I will employ another by proposing formally that MFN trade status continue for China. This policy has generated considerable controversy. Some critics have said revoke MFN, or endanger it with sweeping conditions -- to censure China, cut our ties and isolate it. We are told this is a principled policy, a moral thing to do.

This advice is not new. It's not wise. It is not in the best interests of our country, the United States. And in the end, ir spite of noble and best intentions, it is not moral.

First, MFN is special.* It is not a favor. It is the ordinary basis of trade worldwide. Second, MFN is a means to bring the influence of the outside world to bear on China. Critics who attack MFN today act as if the point is to punish China -- as if hurting China's economy will somehow help the cause of privatization and human rights.

The real point is to pursue a policy that has the best chance of changing Chinese behavior. If we withdrew MFN or imposed conditions that would make trade impossible, we would punish South China; in particular, Guangdong Province -- the very region where free market reform and the challenge to central authority are the strongest. Right now, there's an estimated two million Chinese who are working, and proving that privatization can work -- all in South China. Withdraw MFN and their jobs would be in jeopardy. In addition, endangering MFN would deal a body blow to Hong Kong -- the bastion of freedom and free trade in the Far East.

But the most compelling reason to renew MFN and remain engaged in China is not economic, it's not strategic, but moral. It is right to export the ideals of freedom and democracy to China. It is right to encourage Chinese students to come to the United States, and for talented American students to go to China. It is wrong to isolate China if we hope to influence China. (Applause.)

For two decades after the communists seized power in 1949, the Western world followed a policy of isolation toward China. This period proved to be among the most brutal episodes in Chinese history -- a nightmare of anguish and death and suffering that will scar the soul of China for decades to come.

* not special.

So it comes down to the strength of our belief in the power of the democratic idea. If we pursue a policy that cultivates contacts with the Chinese people, promotes commerce to our benefit, we can help create a climate for democratic change.

No nation on Earth has discovered a way to import the world's goods and services -- while stopping foreign ideas at the border. Just as the democratic idea has transformed nations on ever continent -- so, too, change will inevitably come to China.

This nation's foreign policy has always been more than simply an expression of American interests -- it's an extension of American ideals. This moral dimension of American policy requires u to remain active, engaged in the world. Many times, that means trying to chart a moral course through a world of lesser evils. That's the real world -- not black and white. Very few moral absolutes. Enormous potential for error and embarrassment. But all are part of the risks that we willingly take to advance the American ideal.

Many times in the past 40 years, people have encouraged us to adopt a policy of righteous isolationism -- but we remained engaged. We cannot advance principles if we curl up into a defensiv ball. We cannot transform a world if we hide from its unpleasant realities. We can advance our cherished ideals only by extending ou hand, showing our best sides, sticking patiently to our values -- even if we risk rejection.

Look at the way American encouragement and the American example -- the power of the American example -- is paying off in Taiwan and Korea. We will have no leverage. We will not be able to advance our cause or resist repression if we pull back and declare that China is simply too impure a place for us. We want to promote positive change in the world through the force of our example -- not simply profess our purity. We want to advance the cause of freedom -- not just snub nations that aren't yet wholly free.

Let me close today with some modest pieces of advice. First, understand that you often will confront moral ambiguity. There will come times when you will have difficulty distinguishing between good guys and bad guys. When these situations arise, identify your principles and stick by them. Stick by them even when people jeer, when people urge you to find a quick and easy out. (Applause.) If you remain patient and true to yourself, you can't go wrong.

Second, remember that the corner of the world that matters most is one right here at home, the one you share with friends and family.

And finally, your destiny and the currents of history will most likely intersect more than once. You will have ample opportunity to make your mark. And take care to make it count.

To all the graduates of the Class of '91 who now join me as proud alumni of this great University, congratulations, good luck to you, and may God bless the United States of America. (Applause.)

END 12:15 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Los Angeles, California)

For Immediate Release June 14, 1991

REMARKS BY THE PRESIDENT
IN COMMENCEMENT ADDRESS TO
THE CALIFORNIA INSTITUTE OF TECHNOLOGY

California Institute of Technology
Los Angeles, California

10:35 A.M. PDT

THE PRESIDENT: Thank you, Pete, for that very generous introduction. I'm delighted to see Gayle with you over here. Congressman Moorhead -- and to the business at hand -- your Chairman of the Board Dr. Mettler, who I've known for years and admired and respected. Dr. Everhart, the President; Dr. Jennings; Dr. DuBridge; Dr. Beckman; Dr. Brown; Mr. Avery; Dr. Shuster -- hello. (Laughter.)

I'd also like to acknowledge this distinguished Board of Trustees that I had the honor to meet with just a while ago. And it's a pleasure to be here at CalTech -- my first visit. I'm told it's the first visit of a seated President since Teddy Roosevelt.

However, my trip back to Washington, I understand, will be delayed. Some of CalTech's Finest reassembled Air Force One in the lobby of my hotel. (Laughter and applause.) Ditch Day, perhaps. (Laughter.)

You look restless out there -- let me tell you about a Yale graduation. I will confess to having gone to Yale. A minister gave the graduation speech. "Y," of course, was for youth. That took 40 minutes. "A," altruism -- brushed that one off in 20 minutes. "L" was for loyalty -- 45 minutes. "E" for enterprise -- 30 minutes. The speech ended and most of the kids had left. There was one guy praying. (Laughter.) The minister went over and said, "Oh, son, I'm glad to see a man of faith here. What were you praying for?" He said, "I was giving thanks that I didn't go to the California Institute of Technology." (Laughter.)

So I'll try to be respectful in that regard. But I should say with pride that we celebrate today the centennial of CalTech. This institution has accomplished astonishing things in 100 years. Your students, your professors and your graduates have peered into the heart of the atom, gazed out at stars billions of miles away. They've inspired new medicines and biotechnologies; and they've hurled rockets into the heavens. And they've helped redefine the sciences upon which modern technology -- and modern life -- depend. CalTech's mission is outward-looking, its quest never-ending, and its path of discovery truly remarkable.

We now stand on the verge of a new voyage in the American experience -- charting a fresh course to a world of unseen possibilities and promise. (Crowd disruption.) This is mild compared to what I normally run into. I feel, out of respect for the office, it ought to be greater. (Laughter and applause.) But to reach it, we will need a strong, swift current of ideas. Thomas Aquinas once said that if the highest aim of a captain were to preserve his ship, he would stay in safe harbor forever. Now, as our imagination mulls over the prospects for the 21st century, the time has come to leave port and set sail -- to the new world beyond.

Many Techers have already explored new worlds -- worlds of the positron and the quark, and the fingerprint of the human gene,

and the microcosm of the silicon chip. These brilliant men and women understood the architecture of a problem -- and they knew how to navigate the maze of possibilities that stood between them and a solution. Like them, you think about the opportunities -- not the obstacles -- that lie ahead.

I think of the day I graduated from college. We were impatient, were optimistic, bored with the speaker -- but we sensed a coming adventure. And I suspect it's the same with you. Only this time, you probably aren't thinking about becoming farmers, like Barbara and I were. My generation built our future with mortar and brick and machinery. And yours will propel us toward destiny and innovation, ingenuity, and imagination.

Earlier this century, Henry Luce declared this "The American Century." In his time, that future consisted of smelters and smokestacks -- heavy, productive industries. And now, as this American Century draws to a close, ours is an age of microchips and HDTV. Ours is an economy increasingly dependent not upon our natural resources or geographic location, but upon knowledge. As you well know, knowledge is dynamic -- never standing still. And it expands beyond the horizon. So my challenge to you today is to push beyond today's horizons and create new and more distant horizons for your future.

This is the next frontier. In the 21st century, knowledge will shape the power of the individual -- as well as the power of the nation. Knowledge, defined in our labs and libraries, on bookshelves and computer screens. Whether you're in the military, at the market or on the mainframe, that knowledge will define opportunity.

Some call this The Third Wave -- or The Information Age -- or the New Age of Discovery. With a nod to Henry Luce, I believe this serves as a cornerstone for the Next American Century. If we face this future foursquare -- if we accept the call to unleash our imaginations -- we will transform this nation. And I have no doubt America will transform the world.

We begin with the free market, the powerhouse of ingenuity. Free markets and free people breathe life into the American Dream. Look at the good that people can achieve: Charles Richter and George Housner's research has saved untold lives through their work on predicting and preparing for earthquakes. Harry Gray's research could lead to our harvesting energy from sunlight the same way the plants do. And medical researcher Pamela Bjorkman's research may someday prevent such diseases as arthritis and diabetes.

Look at all the creative entrepreneurs, the ones transforming basic research into new products -- the ones with that knack for know-how. This is a true story: I got a letter the other day from a company named Gemstar, founded by four CalTech grads. They'd heard me talk about our six national education goals to achieve excellence by the year 2000. I once joked that the seventh goal should be that by the turn of the century, Americans must be able to get their VCRs to stop flashing "12:00." (Laughter.)

I admit that I didn't think it was possible. (Laughter.) But this team of upstarts, CalTechers, invented a device that solves the VCR clock problem easily. (Laughter.) They wrote, "We respond promptly to your national call for VCR literacy by the year 2000 -- in fact, nine years ahead of schedule." (Laughter.)

Well, with mentors like these, there may be hope for students like me, still struggling with the complexities of this age of technology. Their kind of entrepreneurs -- their approach to entrepreneurship helped make our nation prosperous and great. This kind of can-do spirit, this expression of natural American creativity will make our new education strategy work. America 2000, as we call it, summons the nation to create a new Generation of American Schools -- schools that break the mold, schools where all students reach world-class standards of performance in English, science, history,

geography and mathematics. It's time that we started measuring success by something other than the federal dollars spent. (Applause.) Let's not ask ourselves: What does it cost? Let's ask: Does it work?

This administration has rewarded programs in which government acts intelligently and programs produce results. Head Start, where kids get the tools they need to start school ready to learn -- it works -- and we support it. We've expanded Head Start funding by over $700 million in the last two years.

We advocate programs that employ free market incentives -- like tax credits for low-income parents to choose their own child care -- because they use human nature as a lever, not as an obstacle. We support initiatives that create opportunity -- like our housing vouchers for public housing tenants. Our HOPE initiative gives public housing tenants control over their lives and their futures.

But, you see, home ownership and tenant management -- these are the waves of progress that can truly reduce hopelessness and despair in our great country.

Whether in schools, in child care centers, or factories or neighborhoods, we must ensure that government is part of the solution -- not part of the problem.

I'm not opposed to government per se. I'm not a government-basher. But we in government must understand, bigger isn't better; better is better. (Applause.)

One hundred days ago today, I asked the Congress -- and Pete referred to this -- to tackle the urgent problems here at home with the same commitment that this country dedicated itself to in tackling the crisis in the Persian Gulf. I spelled out a comprehensive domestic agenda, but asked Congress, recognizing the complexities, to pass just two bills in 100 days -- a comprehensive anticrime bill and a transportation bill to do something about the infrastructure in our country. These bills would work. As a matter of fact, I sent that crime bill to the Hill 24 months ago -- two years ago tomorrow. Neither bill has reached my desk -- and the American people, as they look at our system, don't understand why.

The American people don't understand what's so hard about passing a bill in 100 days to fight crime. They don't understand the delay, the inaction, the foot-dragging, particularly when they see that Congress can pass a funding bill for a ferry boat in Samoa or a study of the Hatfield-McCoy feud while threatening to cancel the manned space program and the Space Station Freedom.

Last week, a congressional committee nearly cancelled the Second Golden Age of space exploration and its possibilities for new knowledge, new technology, and whole new industries here on Earth. Thanks to wiser heads in Congress, both Democrat and Republican, the Space Station survived -- not, as some believe, at the expense of science. Science and space must be partners in the budget wars, both vital investments in the future.

We must invest now in a brighter future. That's why our administration fully supports high performance computing, and math and science education. We're also proposing a 13-percent increase, bringing research and development to $76 billion. We want to increase funding for the supercollider by more than 100 percent. Government and the free market often converge in the field of basic research. Together, they help produce a brighter future for all Americans. And that's why my commitment to it is so strong.

Most Americans find beltway bickering mystifying --- and they should. We ought to think of nobler issues and purposes. We must call upon our higher aspirations. We've done it before -- first carving out a superpower out of the wilderness, and then creating the most prosperous, educated society on Earth -- and now, thanks to the leadership of many right here on this stage, reaching beyond our

planet to the glory of space.

With the telescopes on Mount Palomar, with the Keck Telescopes in Hawaii, your astronomers are looking farther than mankind has looked before. Your JPL labs enable unmanned space missions such as the Pioneers and Voyagers to touch the distant boundaries of our solar system.

And here in Pasadena, scientists can now use the world's fastest computer. I hear that the computer is so advanced, it can actually calculate the number of "Tommy's Burgers" that you all eat -- (laughter and applause) -- and I am told -- this may be far-fetched -- that it can reprogram the scoreboard at the Rose Bowl even faster. (Laughter and applause.)

You know, it's great -- CalTech is one of the few schools in the country where "P.C." has always stood for "personal computer."

To guarantee that the 21st century becomes the Next American Century, we must combine the might of the free market and intelligent government with something else: the brilliance of those who make a difference in the lives of others, including the ones that I refer to as the Points of Light.

We know what it takes to solve problems in our own neighborhoods. Some among us have decided to step to the front lines of the war on drugs; others have taken time to teach others to read, or volunteered to care for AIDS babies after work at night.

Your education here at CalTech enables you to lead, to use your talents for the sake of our country and communities and our children. Those of you who volunteered to help abused women and children at the Hestia House, or taught kids to read in Pasadena, or helped the boys and girls at Five Acres -- you have accepted the challenge. You understand that with your diploma today comes a commitment to reach for the horizons of justice and opportunity, freedom and peace.

In the Next American Century, all of us will have a responsibility to lead. Each part of our communities -- the union halls, the police clubs, the chambers of commerce, the parents, teachers -- everyone can use their power to solve problems. Because, if you think about it, there isn't a problem in America that isn't being solved somewhere.

Whether you're drawn to the magic of the marketplace, to the honor of public service, or to the ethic of serving others, each of you will be building an America whole and good. Your generation will map our voyage into the next century. I join you in your quest for faraway places and salute your vision of worlds unseen.

Thank you for your hospitality. And may God bless each and every one of you as you graduate from this wonderful institution. Thank you very, very much.

END 10:54 A.M. PDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 11, 1991

REMARKS BY THE PRESIDENT IN COMMENCEMENT ADDRESS
TO SUSSEX JAMES H. GROVES ADULT HIGH SCHOOL

Seaford High School
Seaford, Delaware

12:57 P.M. EDT

THE PRESIDENT: Thank you so very much, and may I first thank our Governor. In my book, he deserves not just two introductions, but as many as you want to give him. He's done a superb job. And he was one of the leaders in the classic governors meeting at Charlotttesville and we tried to set, began to set and eventually set the national education goals for our great country.

I want to thank all of you for this warm welcome. I especially want to say what a glorious and wonderful day it is for the parents and the families that are here today. And, of course, I was very pleased to come over here with the former Governor and now our great Secretary of Education. He'll work you to death. Watch out. The guy is killing me because he is determined to see this America 2000 education program succeed. I told him I'd help, and I've done nothing else since I said that.

So I'm delighted to be. But I can't really think of any more important domestic challenge than the success of Lamar Alexander's and, I'll proudly say, my education program. And believe me, it is bipartisan. It isn't Republican, it isn't Democrat, it's not liberal, it's not conservative. It is good, sound educational policy for this, the greatest country on the face of the Earth.

I am delighted to see Bill Roth. I don't want to put a time mark on him, but he and I went to the Congress on exactly the same day -- elected on the same day in 1966 -- and he has represented this state with great distinction in a wide array of domestic matters and a wide array of foreign affairs matters. And so I am pleased to be with him today.

I want to salute your principal, Wayne Meluney, who I'm told has done a superb job here; and your Superintendent, Superintendent Frunzi, who we heard from a little bit today.

And finally, but perhaps most important, let me congratulate the graduates today -- their friends and families. And I will say to Vicki, who looked a little bit nervous up here as she walked up, but did a superb, a super job on her speech, and to Bill Fritz sitting over here, what I got out of both you all's speeches is family, faith and determination. If any three values ever came through, it was those. Thank you for giving us that great performance. (Applause.) Bill, thank you, sir.

I appreciate your being here. I understand it wasn't easy. After all, when you go to night school, you can't always make it to a graduation during the day. Most of you, hopefully, are getting some sleep somewhere along the line. And I remember when the teacher would want a note whenever you missed a day of school. And today I understand a few of you could have used a note for your employers explaining why you've been absent from work. I can't write notes for you, but I can thank all of the employers out there who have their priorities right, who give a day off for a momentous occasion like this.

MORE

The night school at Groves High School is one of the few of its kind in this country. That's why Lamar and I wanted to come over here today. A night school fully accredited to grant a regular high school diploma. This should teach something to all of us who care about American education. Groves provides a shining example of the kind of innovative approach to education that I have in mind when I challenge our communities all across this country to become a nation of students.

Many of you may know that back in April we came forth with this National Education Strategy -- we call it America 2000 -- to help our schools and students reach the six ambitious education goals that I referred to -- goals we've set for the year 2000. And that strategy moves toward the future on four tracks to achieve these six goals.

First, we start with building better and more accountable schools for today. Second, we want to create a new generation of American schools for tomorrow. And third, we've got to build a consensus that education doesn't end when your high school days are over. Lamar referred to my experimentation and hopefully learning with a computer. But all of us have to go back to school to continue our education -- really to continue to learn. It doesn't matter where we stand in life. Young and old, we must become a nation of students. Fourth -- fourth point -- we must focus beyond the four walls of the classroom and cultivate communities where learning can happen -- and will happen.

We're working with the governors, with education and business leaders and many others -- to challenge every community across this country to make this a national crusade to improve our schools.

I'm here to celebrate your part in this crusade. You're an example. You may not realize it, but you are an example to many across this country. You're a part in this crusade. We salute it -- your choice to become students again. And I was so moved by what Bill said and by Vicki's determination. Each one of you made the choice to take on tremendous odds and to triumph over indifference. You found your way back to school, and in so doing, you found your way forward in life.

And we're doing a better job now getting the message out that our young people should stay in school. But we sometimes forget to keep reaching out to those who don't stay in school. Too often, without intending to, we as a society act almost as if when you drop out, you drop off the end of the Earth.

And that's just not true -- and you're living proof that it's not true.

You know firsthand that when you drop out, you can almost hear the doors to opportunity slamming shut. But one door never closes. You can always return to school.

One study shows that almost half of all students who drop out return to the classroom within four years. And in between, they learn the hard way that the world of work has little to offer for those who don't have diplomas. Most of the time, the good jobs and the promotions all go to people with the degree.

Programs like this one offer a way back to school -- a way up in the world. In a world of too many dashed hopes and deadends, a school like Groves can open doors to a better future.

The diploma that you receive today tells the world that you've done more than meet the prescribed state standards. You've returned to the classroom, you've cracked the books, you've stayed up late studying and learning -- and you've made the grade. This diploma tells the world of your self-discipline and of your drive -- and it testifies more eloquently than anyone ever can to the power of your will -- and your dreams. That, too, is what those valedictorian

messages were about.

Many of you traveled a very tough road to get here. And we've heard today from Vicki Bill -- how Vicki came to get a good education and then it was her children and her husband that taught her the true value of family. And we heard Bill who most eloquently talked about dropping out before most of today's graduates, with all respect, were even born and how he came back to school 30 years later -- six kids, one heart attack later. And, no, there's no link, I can testify, Bill, between the last two, six kids and the heart attack. (Laughter.) But, look, here's the point. He came back to finish that degree. But the best thing, the best thing, sir, about your story is not what you managed to do, but where you're going from here. And you've won a scholarship to study, I'm told, at Delaware Technical and Community College.

Each one of you, each one of you has a story. Consider Kathy Tucker. Fourteen years ago, Kathy got married. She went to work, she had a child -- and she left school. And she promised herself she'd come back to finish high school when her own son started kindergarten. It took a little longer, but she kept that promise. And today she collects her diploma and she shows her three kids just what happens when you set a goal and refuse to let circumstance stand in your way. Now she's a living portrait, if you will, in self-determination and what it means to want an education so much that you'll work for it, you'll sacrifice for it, and you'll get it.

I know many of the parents graduating today believe becoming students again has helped them become better teachers of their own children -- and I'm sure that's true. I want to say to Kathy Tucker and to all the parents before me here in the Class of '91 who have worked so hard to get here, you've already taught your kids something. You've already taught them a lesson in the value of learning. You've set an example.

And finally, let me share a story about Rosemary Everton. She does not belong to today's class -- she graduated with the Groves Class of 19 years ago. But her story ought to give you a glimpse of possibilities to come.

Today, while you look back with quiet pride on all you've done to get here and the sacrifices you've made, Rosemary's story lets you know that the doors you've opened may lead to a destiny even you cannot yet imagine.

Rosemary Everton -- she got married; she dropped out at the age of 15, even before she got to high school. And at 16, with a baby and a full-time job, she decided to go back to school. And for two years, she took lessons right here at Groves four nights a week. And she cared for a baby and held down a job and built a sturdy marriage -- and she got her degree.

And she says, "To this day, I still do not know how I did it. I do know that after receiving a high school diploma this way, I felt there was nothing I could not do. And that's what kept me going even when I felt there was no way I could do everything at once because I had already done everything at once."

Well, today, Rosemary Everton and her husband have their own company. They employ more than 200 people. And she has this to say about what Groves taught her: "I learned math, English and history -- but something more important, I learned that there's nothing I can't do with patience and perserverance."

For Rosemary, today's success began with a small but sensible dream: to get that diploma. And you'll have to decide what lies over your own horizon. You've already taken that first step -- that great step. And as Rosemary said, there's nothing you can't do.

Everyone here today has made it to this place, this moment, with the help and encouragement of others. Parents gave up a

few evenings a week to babysit. Husbands or wives who did a few extra chores to let you go to class. Even children who worked hard to keep quiet around the house -- some of them, not all -- so you could study for that big test. And today, your family and friends share your joy and the pride you quite rightly feel. And let me say from the bottom of my heart, I know I do and I know that Secretary Lamar Alexander does and I know your Governor does.

But today, you stand at center stage. I can't wait to shake hands with each and every one of you. It's a lot better than the Air Force Academy. They had 1,100 or something like that. (Laughter.) And here we have some reasonable goal out there. (Laughter.) But you've made it through school for one reason, and one reason alone -- because you came back. And when it would have been easy to make excuses, so easy to cop out, you made demands on yourself. And you made it your mission to learn. You made your demands and you lived up to them.

And once again, my thanks for this very warm welcome here today, and for this opportunity to share in this special day. So let me extend an invitation, which I'm sure many can't accept because of what you're doing, but tomorrow on the South Lawn of the White House, I'm going to be talking to some other extraordinary Americans about the challenges that we face as a nation. And it would be an honor to have today's graduates join us tomorrow evening at the people's house -- at the White House.

Thank you all very, very much. And congratulations to each and every one of you. (Applause.)

END 1:11 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(West Point, New York)

For Immediate Release June 1, 1991

REMARKS BY THE PRESIDENT
IN COMMENCEMENT ADDRESS TO
UNITED STATES MILITARY ACADEMY

United States Military Academy
West Point, New York

10:10 A.M. EDT

THE PRESIDENT: Thank you all very much for that warm welcome back to West Point. (Applause.) Thank you all very, very much. Thank you General Palmer -- Dave Palmer -- for that introduction. May I salute our Secretary of the Army, Secretary Stone; our Chief, General Vuono. And might I say at the beginning that this country owes a great vote of thanks to both these general officers who have served their country with sacrifice and distinction. Please express yourselves by showing your appreciation to Carl Vuono and Dave Palmer, two great soldiers. (Applause.)

And may I single out at the outset several other special guests who, along with Secretary Stone and General Vuono, came up with me on Air Force One -- Congressman Sonny Montgomery, of Mississippi, a great supporter of a strong military -- (applause.) You guys better cheer, he's a Major General also. (Laughter.) And then, Congressman Ham Fish, who represents this West Point sister so well in Congress. (Applause.) And also may I single out my trusted National Security Advisor Brent Scowcroft, the Class of '47 at this Academy. Also Congressman Ben Gilman, who represents, as I understand it, the next congressional district over -- also a great friend of the Point. (Applause.)

And last, but certainly not least, let me single out a friend of our country -- Ambassador Bandar, the Saudi Arabian Ambassador to the United States. (Applause.) And look, don't hold it against him that he's a fighter pilot. (Laughter.) From day one of Desert Shield, all through Desert Storm, Saudi Arabia and the United States stood shoulder-to-shoulder versus aggression. And together we did what was just and right. (Applause.)

Now to the business at hand. A special greeting to the families and to the friends, and most important, to the Cadets of the Class of 1991. It is an honor -- and I mean that -- for both Barbara and me today -- it is an honor to be here at this symbol of "duty, honor, country" -- and to know what Douglas MacArthur meant when he said, "In the evening of my memory, I always come back to West Point." Barbara and I are proud to become honorary members of this Long Grey Line. (Applause.)

You know, it's really something to look out over this outstanding military audience. Now I know how Bob Hope feels. (Laughter.) Also, let me say it was good of you to invite a Navy man to speak at West Point. I left the goat outside, but I'm glad to be here. (Laughter.)

Before my remarks to this graduating class let me just make an announcement that is of interest to all here, to all around the world. The United States and the Soviet Union not many hours ago resolved our differences on the CFE treaty, clearing the way for an important step towards a superpower summit. And I congratulate our Secretary of State, the Foreign Secretary of the Soviet Union Bessmertnykh, and all involved. This is important to world peace,

and I'm glad to make this announcement right here at West Point. (Applause.)

You know, we meet this morning not as members of opposing teams, but as one people called Americans. Americans who know that -- like the memorial at Pearl Harbor, or the chapel at the Air Force Academy, its silhouette reaching toward the sky -- this ground right here at West Point reflects our deepest values and principles.

Look around you -- the majestic cadet chapel, the four statues in the mess hall, on grounds hallowed by generations of military heroes. Their lessons live as oral history, passed from one decade to another. Militarily and culturally, morally and spiritually, West Point has always been a metaphor for the American Character.

The American Character inspired generations of immigrants to push back the wilderness, establish settlements, and secure independence. One generation preserved the Union. Another fought "the war to end all wars." The generation of your parents and grandparents showed that the Iron Curtain could not hold back America's values, America's hopes, America's example.

Today, I want to talk of the American Character and how to make ours the greatest nation. This character has many elements, the foremost of which is our devotion to freedom. The love of liberty drives our national heartbeat. Might I add, that that beat is regular, not fibrillating. (Applause.) A central tenet of this devotion -- freedom of religion -- creates a special place for values, for morals and faiths and causes larger than ourselves.

Next, our character bursts with self-reliance and creativity -- two qualities that propel us from the drawing boards of today to the launching pads of tomorrow. Indeed, to this day, the only footprints on the moon are American footprints. The only flag, the Stars and Stripes.

Finally, we define our character through the service we render to others, by assuming responsibility for the welfare of our homes, our families and communities. We must serve those for whom the American Dream still seems an impossible dream.

You at West Point have established an example for the rest of the nation. Here people measure each other in terms of merit, heart, and will -- not creed or sex or color or national origin.

Look to your left and look to your right, and what do you see? People divided by race and religion? No. You see your friends -- and your future. Our Armed Forces have shown what Americans can do when they see themselves not as white and black and red or brown, but as one people united in common purpose -- pulling for each other, helping each other, relying upon each other -- and in the process, getting the job done. (Applause.)

More than three decades ago, the civil rights movement reshaped a nation by appealing to this American Character. It invited people to join hands in common cause against evil, to build a society upon common decency and respect. Martin Luther King dreamed of an America in which one day our children would -- and to quote -- "not be judged by the color of their skin, but by the content of their character." In the Army, just as here at West Point, that "one day" has arrived.

As Chief Justice Earl Warren wrote in Brown versus the Board of Education, "The road to progress for the victims of past discrimination is equal and excellent education." In the years since the Army became a volunteer force it has featured equal and excellent education. As a result, we have the best educated military in our history. The percentage of minority enlisted personnel has nearly doubled -- as has the number of minority noncommissioned officers. The number of minority officers has almost tripled.

And you may recall that at the beginning of the Gulf war -- think back now -- you may recall that at the beginning of the Gulf war some complained that we have too many minorities in the military. My disagreement could not be more clear. The military is, yes, the greatest equal opportunity employer around. And as our distinguished Chairman Colin Powell said at the time, we have nothing to be ashamed of. At West Point and at West Point certainly, you have plenty to be proud of. (Applause.)

Your class boasts the one thousandth black graduate of this institution, a great leader, as anybody who's been around this place knows, a great athlete. The one thousandth female graduate, also an all-around leader, a good soldier. And then the first graduate -- your class -- the first graduate from among the Hmong people of Laos. Yet the Army and West Point don't recruit minorities. They recruit soldiers -- the finest sons and daughters any country could ever have. (Applause.)

And so our country's task, America's task, is to achieve nationally what we celebrate today at West Point. We must think of ourselves not as colors or numbers, but as Americans, as bearers of sacred values. To reach that end, we must destroy the racial mistrust that threatens our national well-being as much as violence, or drugs, or poverty. We've all seen images of racial violence -- vivid pictures of fire and destruction, flashing lights and nightsticks. But we've also experienced little episodes of mistrust -- little ugly examples -- people slipping across the street to avoid someone of a different color; pressing themselves wearily into the back of an elevator. The practice of distrusting strangers because of their race or nationality. The habit of using patronizing or demeaning stereotypes.

Let's not kid ourselves. Regrettably, racism and bigotry still exist in this great country of ours. But let there be no doubt, this President and this administration will strike at discrimination wherever it exists. (Applause.) Because, you see, prejudice and hate have no place in this country, period. The real question that's facing us is not whether to fight these evils, but how.

Black and white, the great civil rights leaders of the '50s and '60s deplored intolerance, demanded equality of opportunity and equality under the law. Government's responsibility is to enhance, not redistribute, opportunity to ensure that all people get a fair chance to achieve their dreams.

And today, some talk not of opportunity, but of redestributing rights. They'd pit one group against another, encourage people to think of others as competitors, not colleagues. That's not the way to achieve justice and equality here in America. We need to adopt a more unifying, moral and noble approach.

I learned long ago that if you want something done, give someone a reason for doing it. Don't put them on the defensive; don't brow-beat them -- appeal to the better angels of their nature.

As I see it, this is the concept behind affirmative action. To me, true affirmative action expresses a duty of citizenship -- good-faith efforts to provide opportunity for individuals based on merit -- to reach out and create truly equal opportunity for those who have been left behind, those who have been excluded.

Some think affirmative action should involve a Rubik's Cube of workplace guarantees. And I believe that it should inspire people of all races to nurture affirmative values, affirmative views of themselves -- affirmative lives.

And that's why our administration is committed to a comprehensive attack on the problems facing disadvantaged Americans. We've called for a revolution in education with our America 2000

strategy. We've tried to reform the public housing system -- turn it into an ownership system -- with a program we call -- properly call -- HOPE, H-O-P-E. And we've proposed enterprise zones, to plant seeds of growth amid the ruins of crumbling cities and dusty rural areas. And we've offered tough anticrime legislation -- because no American is free if imprisoned by the fear of crime. And we have advocated community opportunity areas -- to shift power from the heavy hand of the state to the hands that run the home, raise the family. God bless the strength of the American family. We've got to do more to help strengthen it. (Applause.)

These policies give power back to the people and they move us toward achieving the goal of equal opportunity. They do not -- cannot -- ensure equal success.

In that spirit, consider our civil rights package. Our administration's S-1991 civil rights bill would forbid consideration of factors such as race and sex in employment practices. It will ensure that Congress lives by the same rules it prescribes for others. And it will not force employers to choose between using quotas or the risk of costly litigation. (Applause.)

I know there's another so-called civil rights bill out there, but it's a quota bill, regardless of how its authors dress it up. You can't put a sign on a pig and say it's a horse. It invites people to litigate, not cooperate. And this is no way in our country to promote harmony.

And so, let us cast off now the politics of division. Let's build a society in which people respect each other, work with -- not against -- each other, and strive to illuminate the American Character.

Tomorrow, our able Secretary of HHS -- Health and Human Services -- my colleague in our Cabinet, Dr. Lou Sullivan will address the high school in his hometown of Blakely, Georgia. What's unusual is that this distinguished doctor now, then was not permitted to attend that school when he was young. It would not admit black kids. He overcame the burdens of prejudice to become an eloquent advocate of good education and sound values. And Lou has forgiven, but he and we can never forget the terrible things that racism and prejudice can do to a land.

Here at West Point you have shown the essence of the American Character -- opportunity based on merit. And now, let us build a "We" -- not a "He" -- generation by carrying the ideals of this school to the nation and the world.

You know, many of the servicemen and women who performed brilliantly during Operation Desert Shield and then, subsequently, Desert Storm have become what we call Points of Light at home. They've returned to their own communities and urged young people to follow their lead, to work hard, to stay in school, to stay away from drugs.

And so let's thank those who have taken this message back to the schools and communities across our land. And let's vow to do more. And I'd like to encourage all of you -- respected in your communities now -- to become Points of Light. Visit a school or a recreation center or a place of worship, and share some of your lives and your experiences. I ask communities to invite these wonderful men and women to speak at the schools and other forums.

You in this Class of 1991 can show that the story of the Good Samaritan is more than just an object lesson, for, you see, it's part of the American Character.

Douglas MacArthur, a son of West Point, once said, "The soldier, above all other people, prays for peace, for he must suffer and bear the deepest wounds and scars of war." America's magnificent military has helped secure the peace abroad. Our challenge now is to heal the wounds and the scars at home -- and help the extended hand

spur harmony and brotherhood, not faction and suspicion. (Applause.)

And so let us honor the true grandeur of America -- the dignity of the individual. You here at West Point, you all lead the way.

May God bless the Class of 1991 as you go on with your service to the greatest country on the face of the Earth. And may God bless the United States of America. Thank you all very much. (Applause.)

END 10:32 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 30, 1991

REMARKS BY THE PRESIDENT
IN ADDRESS AT FBI NATIONAL ACADEMY COMMENCEMENT CEREMONY

FBI National Academy
Quantico, Virginia

2:10 P.M. EDT

THE PRESIDENT: Thank you all very much. And Mr. Attorney General, Dick Thornburgh, thank you, sir. May I salute Director Sessions, a friend of longstanding, a man in whose service I take great pride. I'm delighted that our Drug Czar, Bob Martinez, former Governor, is with us here today. I salute all the members, top-level members, of the law enforcement community that are with us here today.

I'm delighted to see our landlord, General Al Gray, who heads the Marine Corps and to whom we all owe a vote of gratitude and thanks for the way he and those Marines performed in Desert Storm. Al, we're delighted to see you here. (Applause.) And I'm delighted to be here, though I think that, on my way in, I may have spotted Hannibal the Cannibal in the audience. (Laughter.) For those parents and others, that's an inside joke that I'm not sure I understand myself, but nevertheless -- (laughter.)

And, of course, a special congratulations to today's newest Special Agents, the Class of '91-6th. And given my doctors' orders -- current orders -- I'm glad it was you and not me who had to make it through the "Yellow Brick Road" in order to be here today. (Laughter.) But my heartfelt congratulations to you. And I share in the pride that your families all have in you today.

Speaking of my health, which I am reluctant to do, but you might know that I just received a note -- a true story -- from a farmers' organization. And it said: "This wouldn't have happened if you had eaten your broccoli." (Laughter and applause.) I don't want to get in a fight with them; give me thyroid problems any day. (Laughter.)

But I'm very proud to be here saluting the FBI for its "fidelity, bravery, and integrity." And I'm proud to salute this class for its "courage, commitment, and common sense." But I've got a problem. I don't want to embarrass a fellow Texan, but tell me, Bill: How come, under the jurisdiction of the Director of the FBI, there's a little Virginia town that has the highest crime rate in the nation? And after looking around there today -- and, Tony, thank you so much for you and your able compatriots showing me all this. But after looking around there today, there's one thing I know for sure: No matter how persuasive you are, after I leave the White House, I am not retiring to Hogan's Alley. (Laughter.) Once is enough.

But you young men and women graduating today have already solved your share of these Hogan's Alley crimes. And now you're going out to face the real thing. And we are grateful to you. You're joining an FBI that plays an essential role in preserving the peace of our country -- investigating violations of federal law in criminal and civil and counter-intelligence fields.

But there's something else very special about the FBI, beyond its crime-fighting role. The Bureau sets an example for the country in showing how citizens and different levels of government can work together to meet our most important challenges.

MORE

The concept of teamwork between individuals and the various levels of government lies at the heart of the FBI's mission. And, frankly, we need to work together across this land to battle the scourge of violent crime that threatens our homes, our families, and our future.

Last year, six million American citizens -- six million -- fell victim to violent crime. Violent crime claimed the lives of over 20,000 Americans. Look at the statistics and a frightening fact emerges -- our streets posed a greater threat to our own servicemen and women than did the foes in the Middle East.

We deserve better than that as a nation. Our children -- God bless our children -- and they deserve better than that. And we will, with your help and your leadership, take back our streets.

In May of 1989, I stood in the rain on the steps of the Capitol with some of the law enforcement officers who put their lives on the line for all of us. Together, we called on the United States Congress to pass our crime package -- legislation designed to protect our cops by giving them the tools they need to get their job done. And, yes, it was tough legislation, but it was fair legislation.

Today, almost exactly two years later, I stand here in the midst of another group of law enforcement officers. Two years have passed and Congress still has not acted on our request.

Earlier this year, the Attorney General and I convened an unprecedented crime summit. We called upon the finest minds in American law enforcement. And in March, following the summit, and taking into account what we learned there, we sent a crime bill to Congress. Our Comprehensive Violent Crime Control Act of 1991 will confront the terrifying spiral of lawlessness. It will strengthen our nation's criminal justice system -- too often unfairly loaded against dedicated law enforcement officials.

The act has four major elements. First, habeas corpus reform. We're determined to free the courts from frivolous, repetitive delays -- gimmicks and challenges from people who have already exhausted their legal appeals. Our bill will ensure that convicted felons will no longer evade punishment by drowning justice in a sea of legal challenges unrelated to guilt or innocence.

The second major element is exclusionary rule reform. It is simply intolerable that armed criminals go free when law enforcement offices have collected solid evidence in good faith efforts to follow court guidelines.

Our bill limits the possibility of releasing violent criminals on the basis of legal technicalities. It permits juries to consider evidence that's been gathered by officers acting in good faith. This will avoid situations like that of the D.C. drug squad. At a bus station, they seized a bag they believed contained cocaine. They called the prosecutors and were told that they didn't need a warrant to search. Sure enough, they found a large supply inside. And sure enough, the evidence was ruled inadmissible, even though they'd acted in total good faith. Our bill would assure that such evidence survives in court.

In addition, it allows introduction into evidence of firearms seized from dangerous criminals, no matter how officers obtain those weapons. And that makes sure, then, that those who misuse firearms are caught and punished. Plain and simple.

And third, more categories of firearm offenses and penalties. Under this bill, drug traffickers and violent felons who use semiautomatic weapons will face stiff mandatory sentences. First-time felons caught with firearms will spend five years behind bars. No plea bargains. No early release. Our bill also creates new federal offenses for firearms theft and smuggling. We will silence the illegal guns that blast away in our streets, in our homes

and around our schools by punishing the violent criminals who misuse guns.

And our fourth core provision is for the restoration of the federal death penalty. We need an enforceable federal death penalty for the most heinous crimes -- for the senseless murder of a federal judge; or the terrorist killing of civilians; or the cold-blooded execution of a law enforcement officer or federal witness. We should give juries the option of imposing the death penalty for such depraved crimes. And we must send the strongest possible message to those who would commit such crimes. We must tell them that our society will protect itself from violent predators.

And for more than a decade now Congress has talked about reinstating the federal death penalty. And now, frankly, Congress should act. In that way, we will be telling victims and the families of victims that we will not forget their suffering, their loss. We will be telling them there that we're doing everything we can to ensure that others don't suffer similar fates.

But crime victims deserve more than compassion. They also deserve action. And that's why I take particular pride in the fact that, working with Congress, we have already not only reauthorized the 1984 Victims of Crime Act, but have also boosted its annual victims compensation and assistance fund to $150 million. Those are dollars that come, not from taxpayers, but as you all know from the fines and penalties levied against criminals.

But, of course, the best way, the best way to help the victims of crime is to make sure that they don't become victims in the first place. And so in our crime bill we've strengthened the core proposals with some potent new additions. Our act includes sections designed to curb terrorism, racial injustice, sexual violence and juvenile crime. It requires appropriate drug testing as a condition of post-conviction release for federal prisoners.

It outlines protections for witnesses and for abused kids. The bill makes it easier for federal officials to prosecute those who commit acts of sexual violence involving children. It provides for HIV testing of accused sex offenders. And it guarantees a victim's right to address the court at sentencing.

Listen to these words: "The land is full of bloody crime and the city is full of violence." The Prophet Ezekiel wrote that over 2,000 years ago. The battle between good and evil still rages. But our crime bill will strengthen the hand of good -- that's your hand, the hand of our nation's law enforcement professionals.

The American people, frankly, are tired of talk. I believe they want action. In March, we asked the Congress to pass a crime bill within 100 days -- I challenged them at a joint session up there. And so far, 85 days have passed and neither House has chosen to take up our crime package. The 100 days will expire on June 14th, but as you know, the crime issue will not. America wants real, comprehensive action against crime. America wants it done right. And it wants it done now. And, I assure you, so do I. (Applause.)

Finally, there's another more subtle threat to the peace -- and that's racial strife. For the past couple of years, the issue of civil rights has divided Americans. Our position as an administration is clear -- and believe me, I'm telling you this from the heart. I want to sign a civil rights bill. I am proud of my record on civil rights, and I'm proud of my administration's record on civil rights. But we want to sign a bill that advances the cause of equal opportunity. We want to sign a bill that advances the cause of racial harmony. And we want to sign a bill that encourages people to work together.

Unfortunately, congressional leaders again want to pass a bill that would lead employers to adopt hiring quotas and unfair job preferences. This week, they proposed an antiquota amendment to take care of the problem -- the quota problem -- they said didn't exist.

This shouldn't fool anyone. If you look closely at the amendment, you'll see that it endorses quotas. Even the section that supposedly outlaws quotas endorses quotas. It defines the "Q" word -- as it's come to be known -- it defines the "Q" word so narrowly that it would allow employers to establish personnel systems based on numbers, not on merit. Other sections rig the rules against employers. If their numbers aren't right, the employers are essentially helpless to defend themselves in court. And another section of the bill forbids many victims of illegal quotas from even getting their day in court.

If you listen to proponents of this bill, you'll hear another interesting thing. You'll hear them boast their approach makes it easier to prosecute and sue people. Well, frankly, this is hardly the road to racial harmony. It's the road to lawsuits and discord.

And so let's start over. Let's make harmony our goal. A good place to start is our own bill -- the administration's civil rights bill. You see, our bill would punish vigorously those who practice prejudice in the workplace. It would not offer a blank check to lawyers and special interests. It, frankly, would offer a helping hand to victims of racism, sexism, and other forms of discrimination. It would build on the strong and just laws that we already have. And I'd like to sign it, along with our crime bill, and I'd like to sign it soon.

I'm very proud to be with you -- law enforcement officials. And I want you to know that you have the public's support -- never doubt that. You have the public's support and gratitude. You have all of our support. And, very candidly, you've earned it. You deserve our admiration, our respect. And the best, toughest anticrime package your grateful nation can give you. No more loopholes, no more rolls of the dice. It's time. It's long past time.

So once again, I was just delighted when the Attorney General and the Director asked me to come down here to see you in action, to salute this gratuating class.

Congratulations to the graduates, to their families on this very special day. And the best of luck to all of you. And may God be with you. Thanks to all the FBI and DEA Agents here, to the state, and to the local and international police officers and the FBI National Academy, and, again, to your landlords, the United States Marines: May God bless you all. And may God bless the United States of America.

Thank you very, very much. (Applause.)

END 2:28 P.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Colorado Springs, Colorado)

For Immediate Release May 29, 1991

REMARKS BY THE PRESIDENT
IN ADDRESS AT AIR FORCE ACADEMY COMMENCEMENT

United States Air Force Academy
Colorado Springs, Colorado

11:15 A.M. MDT

THE PRESIDENT: What a day. Please be seated, and thank you for that warm welcome. To my old friend, Senator Goldwater; to Secretary Rice and General McPeak; to General Hamm, who's done such a fantastic job here; ladies and gentlemen; graduates. Our altitude is 7,250 feet above sea level -- far, far above that of West Point or Annapolis. (Applause.) And I'm sorry I'm a little late. I flunked my room inspection at Kennebunkport this morning. (Laughter.) Barbara gave me 20 demerits. Then it took time to talk the pilot of Air Force One, Colonel Barr, out of doing an Immelman over this stadium. (Laughter.)

It is an honor for me to join you here at "Wild Blue U" -- the home of the quick and the brave. There's never been a better day to be part of this magnificent team.

For 40 years, my generation struggled in the confines of a divided world -- frozen in the ice of ideological conflict, preoccupied with the possibility of yet another war in Europe. More recently, many here and abroad wondered whether America still possessed the strength and the will to bear the burden of world leadership. My fellow Americans, we do -- and we will. (Applause.)

Through strength of example and commitment, we lead. You've been taught the price and the importance of leadership. As you leave the Academy, you answer your nation's call to advance the cause of freedom -- to lead. There's a new sense of pride and patriotism in our land. And it's good for our nation's soul.

The beltway cynics may call this renewal of patriotism old-fashioned, but Americans rarely mistake cynicism for sophistication. Patriotism binds the real and lasting fabric of our nation. Assertive but not arrogant -- self-assured, kind, generous -- we remain committed to our fundamental values.

So today I speak to you, and to every member of America's Armed Forces, to say thanks. When others weren't sure we were up to the task -- you were. When your country asked you to serve -- you did. And when others said, "No, no, we're not ready, we can't" -- you said, "Yes. We are ready. We can." You and your colleagues in all the services prove that Americans consider no risk too great, no burden too onerous to defend our interests and our principles -- in short, to do what's just and to do what's right.

Consider our fundamental decency and humanity -- our commitment to liberty. Our servicemen and women in the Gulf, weary from months in the desert, now help suffering Kurds and the people of Bangladesh. When a carrier on the way home after months in the Gulf was diverted to Bangladesh, a crewman was asked, "Aren't you disappointed that you don't get to go home?" He replied, "Not at all. We're saving lives. We're doing what we ought to do."

We do not dictate the courses nations follow, but neither can we overlook the fact that our examples reshape the world. We

can't right all wrongs -- but neither can any nation lead as we can.

Joined by the world's leading nations, we worked to create a coalition in which countries great and small joined forces to liberate Kuwait. That coalition saw soldiers from dozens of lands fight shoulder-to-shoulder, fly wingtip-to-wingtip in the cause of freedom. And it saw our forces as fully integrated as any in our history, demonstrating the true strength of joint operations.

A year before you came to Colorado Springs, I was privileged to be here. And I told the Class of '86, "There's no doubt the Soviets remain our major adversary. Our two separate systems represent fundamentally different values."

Since then, we've seen remarkable political change. But let's not forget the Soviet Union retains enormous military strength. It will have the largest land force in Europe for the foreseeable future. With perhaps five new strategic missile systems in development, they'll be ready for yet another round of strategic modernization by the mid-1990s.

At the same time, however, Soviet troops have embarked on the long trek home from Czechoslovakia, Hungary, Poland -- and, happily, from a reunified Germany. We are hopeful that the Soviet Union itself will continue its move toward freedom.

As superpower polarization and conflict melt, military thinkers must focus on more volatile regimes -- regimes packed with modern weapons and seething with ancient ambitions. We are committed to stopping the proliferation of weapons of mass destruction. But there is danger that despite our efforts, by the end of this century nearly two dozen developing nations could have ballistic missiles. Many already have nuclear, chemical or biological weapons programs.

Nowhere are the dangers of weapons of proliferation more urgent than in the Middle East. After consulting with governments inside the region and elsewhere about how to slow and then reverse the buildup of unnecessary and destabilizing weapons, I am today proposing a Middle East arms control initiative.

It features supplier guidelines on conventional arms exports; barriers to exports that contribute to weapons of mass destruction; a freeze now, and later a ban on surface-to-surface missiles in the region; and a ban on production of nuclear weapons material. Halting the proliferation of conventional and unconventional weapons in the Middle East -- while supporting the legitimate need of every state to defend itself -- will require the cooperation of many states, in the region and around the world. It won't be easy -- but the path to peace never is.

And as the world changes, our military must evolve and change with it. Last year, I announced a shift in our defense focus: away from old threats and toward the dangers that will face us in the years to come. We need a more agile, flexible military force that we can put where it is needed, when it is needed. I also called for new technology in our defense systems. And I proposed a defense package to the Congress that meets these demands.

In the years ahead, defense spending will drop to below four percent of our gross national product -- the lowest level in over 50 years. But we must spend that money in ways that address the threats that we are likely to face in the future. Although we developed this budget before the Gulf war, it anticipates very important lessons of that war -- lessons that, frankly, some in the United States Congress now ignore:

Gulf Lesson One is the value of air power. (Applause.) I remember meeting with General McPeak up at Camp David. In his quiet but forceful way, he told me exactly what he felt air power could do. After he left, I turned to my trusted National Security Advisor, who's with me here today, a former political science professor here at the Academy and a pilot, General Scowcroft -- and

said, "Brent, does this guy really know what he's talking about?" General Scowcroft assured me he did -- and General McPeak, like the entire Air Force, was right on target from day one. (Applause.)

The Gulf War taught us that we must retain combat superiority in the skies.

Then there's Gulf Lesson Two: The value of Stealth. Surprise is a classic principle of warfare -- and, yes, it depends on sound intelligence work. But Stealth adds a new dimension of surprise. Our air strikes were the most effective, yet humane in the history of warfare.

The F-117 proved itself by doing more, doing it better, doing it for less, and targeting soldiers, not civilians. It flew hundreds of sorties into the most heavily defended areas without a scratch.

The F-117 carried a revolution in warfare on its wings. The next step in that revolution is the Stealth bomber, the B-2. Not only for its contribution to nuclear deterrence, but also from the standpoint of conventional cost-effectiveness, the B-2 has no peer. It carries over 10 times the conventional load of an F-117 and can fly five times further between refuelings. It gets to the job faster, with more tons of ordnance -- without the force buildup and time we needed prior to Desert Storm -- and without needing foreign airfields in the immediate proximity of a conflict. And it replaces B-52 aircraft approaching twice the age of you graduates -- and I say that respectfully. (Laughter.)

Yet, last week, the House of Representatives voted to terminate the B-2, redirecting those funds at unnecessary weapons. Anyone who tells you the B-2 is "too expensive" hasn't been flak up close lately. America needs the B-2 bomber, and I'm going to fight for it every inch of the way. (Applause.)

Gulf Lesson Three: We learned that missile defense works and that it promotes peace and security. In the Gulf, we had the technologies of defense to pick up where theories of deterrence left off. You see, Saddam Hussein was not deterred, but the Patriot saved lives and helped keep the coalition together.

That's one reason that we've refocused Strategic Defense toward Global Protection Against Limited Strikes, or "G-PALS," as we call it. It defends us and our allies from accidental launches or from the missile attacks of international renegades. While the Patriot worked well in the Gulf, we must prepare for the missiles more likely to be used by future aggressors. We can't build a defense system that simply responds to the threats of the past.

Yet some in Congress want to gut our ability to develop strategic defenses. Last week the House irresponsibly voted to cut nearly $2 billion from G-PALS and to kill its most promising technologies. I call on the Senate today to restore our missile defense programs, to safeguard American and allied lives, and to promote security. (Applause.)

Gulf Lesson Four, the most fundamental, is the value of people. People fight and win wars. And this nation never has fielded better fighting men and women than it does today. In 1980, 68 percent of those enlisting in the military had high school diplomas -- now it's 95 percent and climbing. The military has become our greatest equal opportunity employer. It offers everyone a chance and it promotes people solely on the basis of merit. The men and women you will soon be leading are the best educated and most motivated anywhere, anytime, ever. (Applause.) You know the standards. You know, I was tempted to ask General Scowcroft how he thought I was performing during the war, but I was afraid he'd say, "Fast, neat, average, friendly, good, good." (Laughter.)

Although we will cut troop levels 25 percent by mid-decade, we must ensure that they remain fully repaired, prepared

to respond quickly and decisively to crises. We must ensure that they are totally integrated, taking full advantage of the kinds of joint operations so powerfully demonstrated in the Gulf. We must ensure that they have weapons that emerge from military necessity -- not pork barrel politics. We must ensure that the cuts in the active and reserve components result in the most effective and efficient forces possible. We must not compromise our readiness just to protect unneeded bases, programs and forces. (Applause.)

Look, no president -- no president could or would deny Congress its right to approve budgets or conduct oversight. But as Commander-In-Chief, my greatest responsibility is national defense -- and I will veto any bill that doesn't support and sustain my defense program. (Applause.)

And so I ask the Congress to help make our forces leaner and more effective. Don't weigh them down with pork. Don't deny our people the tools that they will need to do their jobs in the next century.

You graduates will find that no other combat force you encounter will have your skills, your technology or support. You'll find that in world leadership we have no challengers, but in our turbulent world, you will find no lack of challenges. And I know you are ready.

So to all of America's servicemen -- all of them, wherever they may be -- and all of America's servicewomen, I salute them -- I salute you. And to this 1991 graduating class of the United States Air Force Academy, may I say, you have earned your commissions. Well done, and Godspeed. And may God bless you and the United States of America. Thank you all very, very much. (Applause.)

END 11:34 A.M. MDT

THE WHITE HOUSE

Office of the Press Secretary
(Princeton, New Jersey)

For Immediate Release May 10, 1991

REMARKS BY THE PRESIDENT
IN HONORARY DEGREE CEREMONY

Princeton University
Princeton, New Jersey

10:35 A.M. EDT

THE PRESIDENT: Thank you all very much. This is indeed for me an honor. And the last time, save one, that I was on this campus, I was not treated quite so hospitably. (Laughter.) It was out at the baseball diamond, I think in 1948. Crowded along the first baseline -- it was very hostile, the way it worked in Princeton -- were a bunch of hyperventilating, celebrating alumni.

And I remember standing there at first base, and a gigantic tiger -- I think his name was Neil Zundel -- came to the plate. He lofted an easy fly towards Yale's first baseman -- me. And as I reached for the ball, the guy just sheer bowled me over -- (laughter) -- to the cheers of the Princeton alumni. (Laughter.)

I was hurt, my pride was hurt. But p.s., Yale won the ball game. (Laughter.)

So how lovely today it is, though. And I view this degree as a very high honor from an institution for which I have unlimited respect. It is a great privilege for Barbara and me to be up with you today. I hear the rites of spring over my shoulder out there, but it wouldn't be normal in my job if we didn't hear those rites chanting out there. But I hope I bring peace and tranquility to your campus because you bring great joy to our heart -- my formerly fibrillating heart.

Thank you very much. (Applause.)

END 10:38 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Princeton, New Jersey)

For Immediate Release May 10, 1991

REMARKS BY THE PRESIDENT
AT BUILDING DEDICATION OF THE SOCIAL SCIENCES COMPLEX

Princeton University
Princeton, New Jersey

11:25 A.M. EDT

THE PRESIDENT: Thank you all very much. Thank you. Please be seated. It's a great pleasure to be here. President Shapiro, your words were so kind that my heart almost went back into fibrillation. (Laughter.) I salute you, sir, and I thank you for the honor bestowed on me.

To Governor Florio; and to the members of the United States Congress that are here today; to Mrs. Shapiro, and the Board of Trustees; to Chairman Henderson; Dean Williamson; Associate Dean Morrow. And I'd also like to salute Princeton's former Presidents Goheen and Bowen. And I'm delighted to help dedicate this impressive complex.

Though I must say that I'm glad that this is May and not the first snowfall. I don't think Barbara would let me take place in your special brand of Olympics. (Laughter and applause.)

Seriously, I'm honored to receive an honorary degree from Princeton. Imagine: a son of Yale getting a Princeton degree. "Son of Yale" -- you can snicker, but you ought to hear what they call me in Washington. (Laughter.)

Governor Florio's comments brought back JFK's words when he said how lucky I was to have a Princeton degree, and I agree with him. You remember what JFK said -- and I'll paraphrase it. I have the best of all worlds -- a Princeton degree and a Yale education. (Laughter.) I knew tht would not thrill the band, but you did a great job on "Hail To The Chief," thank you. (Laughter.)

Well, Princeton is a great place. You know, Washington said "No college has turned out better scholars or more estimable characters." That includes, of course, our last two Secretaries of State. Both have been outstanding public servants. Both love this university. But only one has a tattoo to prove it. (Laughter.)

I'll always remember the time that I saw the globe inside the Woodrow Wilson School lobby. Anywhere you touch it, you set off vibrations across the rest of its surface. I can't think of a more appropriate symbol for this nation's role in the world. When we act, we do set off tremors across the globe. And Princeton is blessed with real expertise in the study of the presidency.

And I salute Professor Fred Greenstein, and it is with some temerity, therefore, that I give this talk that will touch on the presidency.

I'd like to talk today about an American achievement that has inspired men and women worldwide -- most recently, in Eastern Europe. I'm speaking of our Constitution. In the interest of brevity, I will focus on the roles of the two branches of government in which I have had the honor to serve, the legislative -- Congress -- and the executive departments.

Consider the President's role. Thomas Jefferson once

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noted that a president commands a view of the whole ground, while Congress necessarily adopts the views of its constituents. The president and vice president are the only officials elected to serve the entire nation. It is the president who is responsible for guiding and directing the nation's foreign policy. The Executive Branch alone may conduct international negotiations, appoint ambassadors, and conduct foreign policy. Our founders noted the necessity of performing this duty with "secrecy and dispatch," when necessary. The president also serves as commander-in-chief of our armed forces -- as it was my role to do in the Persian Gulf.

This does not mean that the executive may conduct foreign business in a vacuum. I have a great respect for Congress and I prefer to work cooperatively with it wherever possible. Though I felt after studying the question that I had the inherent power to commit our forces to battle after the U.N. resolution, I solicited congressional support before committing our forces to the Gulf war. So while a President bears special foreign policy obligations, those obligations do not imply any liberty to keep Congress unnecessarily in the dark.

The president's view of the whole ground includes a second responsibility -- shaping the nation's domestic agenda. Presidents do this by submitting annual budgets to Congress, along with a comprehensive legislative program.

We've had our share of legislative successes. They include a budget agreement that reduces our borrowing requirements by nearly $500 billion over the next five years. a Clean Air Act that invokes the power of the marketplace to help America breathe cleaner air; an Americans with Disabilities Act -- landmark civil rights legislation that enhances the dignity of those with disabilities; a child care bill that puts more power and choice in the hands of parents when it comes to the care of their own children.

But presidents may encourage change through means other than legislation. Our Points of Light campaign encourages the traditional American virtue of private service. Our America 2000 Education Strategy -- which has been well-received across the land -- involves dramatic reforms that don't make dramatic new claims on taxpayers earnings. It draws on people's common frustration with an educational system that simply must do better. It encourages people to use their common sense and good old American ingenuity in creating better, revolutionary new schools. It won't help build a new office building in Washington, but it very well may inspire people to build a better future for themselves and their children -- school by school, community by community.

Elsewhere, we've proposed turning programs back to states and localities. This enables people to craft the most appropriate solution for the problems that they confront in this diverse land of ours.

The point is simple: You don't always need to propose a new program to pursue a national goal. Often a president can lead by encouraging the values of service, by helping foster a national spirit of commitment and responsibility.

For too long, pundits and special interests have equated vision with bureaucracy. I hope one of the hallmarks of our administration will be its ability to encourage not just good government, but also a good society -- one that draws upon and encourages the best instincts and ambitions and values of the American people.

The common thread of commitment -- individual commitment -- runs through all successful efforts to solve our most intractable problems. The individual who cares, who is determined to change things for the better, can make a difference. And all of us Americans ought to dedicate ourselves to making a difference.

While a president must take on today's problems and

tomorrow's challenges, he also has an obligation to "preserve, protect and defend" a 200-year-old system of constitutional government. The most common challenge to presidential powers comes from a predictable source, represented here by several able members of the United States Congress.

Although our founders never envisioned a Congress that would churn out hundreds of thousands of pages worth of reports and hearings and documents and laws every year, they did understand that legislators would try to accumulate power. James Madison, your son -- Princeton's son -- warned that, "The legislative department is everywhere extending the sphere of its activity, and drawing all power into it impetuous vortex." That was Mr. Madison speaking, not President Bush speaking.

Sometimes this sort of competition falls entirely within the bounds of the Constitution. But consider the unnecessary requests and requirements that can waste the time and energy of the executive.

Thirty years ago, we devoted nearly 9.5 percent of our gross national product to defense expenditures. And today, defense spending accounts for only 5.3 percent of our GNP. But congressional oversight has grown exponentially. One hundred and seven committees and subcommittees -- 107 -- oversee defense programs and spending. For Fiscal Year 1989; the Pentagon devoted 500 man-years and over $50 million just to write reports responding to congressional queries on such items as plans for manning tugboats and accounting for the nunber of bands.

Defense staff has to respond yearly to more than 750,000 congressional staff inquiries. Other executive agencies exhaust their time and energy, often giving identical testimony to a whole battery of subcommittees and committees.

Oversight, when properly exercised, helps keep the executive accountable. But when it proliferates wildly, it can confuse the public and make it more difficult for Congress and the president to do their jobs properly.

The chief executive also preserves, protects, and defends the Constitution through the use of the veto power.

Six times in my presidency, I have vetoed bills that would have weakened presidential powers. In one case, for instance, Congress wanted to make the president disclose a wide variety of sensitive diplomatic contacts and discussions, as well as private discussions with the Executive Branch -- and would have threatened to impose criminal sanctions on a wide range of normal diplomatic activities. I noted in my veto message that, "The result would be a dangerous timidity and disarray in the conduct of U.S. foreign policy. Such a result is wholly contrary to the allocation of powers under the Constitution."

Elsewhere, Congress has also taken aggressive action against specific presidential powers, including the power to appoint or remove employees who serve at the president's pleasure. It sometimes tries to manage Executive Branch -- micromanage the Executive Branch -- by writing too-specific directions for carrying out a particular law. And when this happens, the president has a constitutional obligation to protect his office -- and to veto the legislation. In addition, on many occasions during my presidency, I have stated that statutory provisions that violate the Constitution have no binding legal force.

But there's another, often overlooked side of the veto power. Often vetoes encourage the legislature to reconsider its actions. When I vetoed a minimum wage bill -- and it wasn't an easy thing to do -- I sought to persuade Congress that a slightly lower rate would best serve the public interest. And in time Congress agreed. And when Congress bundles up a series of unrelated measures and calls it a single bill, it frustrates the president's

constitutional role in resisting the influence of special interests. It is often impractical to veto a tremendous bill, a major bill, especially an appropriations bill because of unrelated riders that would never stand a chance on their own.

Bills of this sort can pose as much of a threat to Congress as to the president. And it has become an annual sport for reporters to pull peculiarities out of the vast spending bills, such as a federal grant to study cow belches, or a Lawrence Welk Museum, and ask Congress to defend them. Quite often because of the added riders and the complexity of the whole bill, members don't even know what they've voted for. They're so complex; things are added in the dark of the night.

-- I have sought, and will continue to seek, a line-item veto to prevent such embarrassments and protect the American people from injudicious appropriation. (Applause.) Right now 43 governors have such a power. It works. The President ought to have that power, too. Some believe that I already have that power under the Constitution.

In closing, let me try to summarize my view of the presidency. Presidents define themselves through their exercise of presidential power. They must use their special authority to serve the whole nation in matters of foreign and domestic policy. They must set a tone for governance, at once leading the people, yet following their desires. They must preserve, protect and defend the Constitution. And they must encourage deliberative behavior on the part of Congress.

But the real power of the presidency lies in a president's ability to frame, through action, through example, through encouragement, what we as a nation must do -- what is required of communities and institutions, large and small, in schools and factories and the hundreds of daily acts of individuals.

The great joy and challenge of the office I occupy -- and believe me, I am honored every single day I walk into that Oval Office by the privilege of being President -- the great joy is that the president serves, not just as the unitary executive, but hopefully as a unifying executive.

As President, I feel honor-bound to strengthen the marvelous system of government bequeathed to us so that we may remain the freest, the most decent, the most prosperous, caring nation in the history of the world.

Thank you and may God bless each and any one of you. And thank you for the honor you've bestowed on me. (Applause.)

END 11:44 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
UNTIL 11:30 A.M. EDT
SATURDAY, MAY 4, 1991

TEXT OF REMARKS BY THE PRESIDENT
AT UNIVERSITY OF MICHIGAN COMMENCEMENT

University of Michigan Stadium
Ann Arbor, Michigan

May 4, 1991

President James Duderstadt and Governor John Engler, distinguished Regents, honorary degree recipients. And of course, Michigan's class of 1991. It's a pleasure to stand here in Michigan Stadium, a place that has witnessed its share of gridiron glory -- and political history. The last time I was in Ann Arbor, we commemorated John Kennedy's unveiling of the Peace Corps. And, as your commencement program indicates, Lyndon Johnson introduced the Great Society in a University of Michigan commencement address.

Today, I want to talk about this historic moment. Your commencement -- your journey into the "real world" -- coincides with this Nation's commencement into a world freed from Cold War conflict and thrust into an era of cooperation and economic competition.

The United States plays a defining role in that world. Our economic strength, our military power and most of all, our national character brought us to this special moment. When our policies unleashed the economic expansion of the 1980s, we exposed forever the failures of socialism -- and reaffirmed our status as the world's greatest economic power. When we sent troops to the Persian Gulf, we showed that we take principles seriously enough to risk dying for them.

Our successes have banished the Vietnam-era phantoms of doubt and distrust. In my recent travels around the country, I have felt an idealism that we Americans supposedly had lost. People have faith in the future. They ask: "What next?" "How can I help?"

We have rediscovered the power of the idea that toppled the Berlin Wall, and led a world to strike back at Saddam Hussein. Like generations before us, we have begun to define for ourselves the promise of freedom.

I would like to talk today about the nature of freedom, and how its demands will shape our future as a nation.

Let me start with the freedom to create. From its inception, the United States has been a laboratory for creation, invention, and exploration. Here, merit conquers circumstance. Here, people of vision -- Abraham Lincoln, Henry Ford, Martin Luther King Jr. -- outgrow rough origins and transform a world.

These achievements testify to the greatness of our free enterprise system. In past ages, and in other economic orders, people could acquire wealth only by seizing goods from others. Free enterprise liberates us from this Hobbesian quagmire. It lets one person's fortune become everyone's gain.

The free enterprise system, built upon the foundation of private property, harnesses our powerful instincts for creativity. It gives everyone an interest in shared prosperity -- in freedom, in respect.

No system of development ever has nurtured virtue as completely and rigorously as ours. We have become the most egalitarian society in history, and one of the most harmonious, because we let people work freely toward their destinies.

When governments try to improve on freedom -- say, by picking winners and losers in the economic market -- they fail. No conclave of experts, no matter how brilliant, can match the sheer ingenuity of a market that collects and distributes the wisdom of millions of people, all pursuing their destinies in different ways.

Our Administration appreciates the power of free enterprise -- and our economic and domestic programs try to apply the genius of the market to the needs of the nation.

For example, we want to eliminate rules and red tape that bind the hands and minds of entrepreneurs and innovators.

Our America 2000 educational strategy challenges the nation to re-invent the American school -- to compete in the race to unleash our national genius.

We have incorporated market incentives into our legislative proposals, so taxpayers will get a fair return on their dollars. Just look at last year's child care legislation and Clean Air Act, or this year's transportation bill.

We have proposed a comprehensive banking reform package that strengthens the financial system upon which economic growth depends. We repeatedly have tried to slash the capital gains tax, so people with dreams have a chance of achieving them.

And we want to extend the dignity of home ownership to people who now live in government-owned apartments.

Although we have tried to transfer power into the hands of our people, we haven't done enough. In a world transformed by freedom, we must look for other ways to help people build good lives for themselves and their families.

The average worker in the United States now spends more than four months of each year working just to pay the tax man, and increasing numbers of citizens see that burden as a barrier to achieving their dreams.

We have tried to put a lid on the spending that drives taxes, and to concentrate government efforts on truly national purposes. This is only common sense. If we want to build faith in government, we must demand public services that serve the public. We must insist upon compassion that works.

But the power to create also rests on other freedoms, especially the freedom to think and speak one's mind. This may be the most fundamental and deeply revered of all our liberties, not just because Americans like to debate, but because free speech plays a crucial role in helping us improve ourselves. It separates good ideas from bad. It defines and cultivates the diversity upon which our national greatness rests. It tears off the blinders of ignorance and prejudice and lets us move on to greater things.

Ironically, on the 200th anniversary of our Bill of Rights, we find free speech under assault throughout the United States, including on some college campuses. The notion of "political correctness" has ignited controversy across the land. Although the movement arises from the laudable desire to sweep away the debris of racism and hatred, it replaces old prejudices with new ones. It declares certain topics off-limits, certain expression off-limits, even certain gestures off-limits.

What began as a crusade for civility has soured into a cause of conflict and even censorship. Disputants treat sheer force -- getting their foes punished or expelled, for instance -- as a substitute for the power of ideas.

Throughout history, attempts to micromanage casual conversation have only incited distrust. They have invited people to look for an insult in every word, gesture, or action. In their own Orwellian way, crusades that demand correct behavior crush diversity in the name of diversity.

We all should be alarmed at the rise of intolerance in our land, and by the growing tendency to use intimidation rather than reason in settling disputes. Neighbors who disagree no longer settle matters over a cup of coffee. They hire lawyers and go to court. Political extremists roam the land, setting citizens against one another on the basis of their class or race. Such bullying is outrageous, and not worthy of a great nation grounded in the values of tolerance and respect. Let us fight back against the boring politics of division and derision. Let's trust our friends and colleagues to respond to reason.

As Americans we must use our persuasive powers to conquer bigotry. We must conquer the temptation to assign bad motives to people who disagree with us.

If we hope to make full use of the optimism I discussed earlier, men and women must feel free to speak their hearts and minds. We must build a society in which people can join in common cause without having to surrender their identities.

You can lead the way. Share your thoughts and experiences; your hopes and frustrations. Defend others' rights to speak. If harmony be our goal, let's pursue harmony -- not inquisition.

The virtue of free speech leads naturally to another, equally important dimension of freedom -- freedom of spirit. In recent times, often with noble intentions, we as a nation have discouraged good works. Nowadays, many respond to misfortune by asking: Whom can I sue? Even worse, many would-be Samaritans wonder: Will someone sue me? Talented, concerned men and women avoid such noble professions as medicine for fear that unreasonable and undefined liability claims will force them to spend more time in court than in the office.

At the same time, government programs have tried to assume roles once reserved for families, schools, and churches. This is understandable, but dangerous. When government tries to serve as a parent, teacher or moral guide, individuals may be tempted to discard their own sense of responsibility -- to argue that only government must help people in need.

If we have learned anything in the past quarter century, it is that we cannot federalize virtue. Indeed, as we pile law upon law, program upon program, rule upon rule, we actually can weaken people's moral sensitivity. The rule of law gives way to the rule of the loophole -- the notion that whatever is not illegal must be acceptable. In this way, great goals go unmet.

When President Johnson spoke here in 1964 he addressed issues that remain with us. He proposed revitalizing cities; rejuvenating schools; trampling down the hoary harvest of racism; protecting our environment.

He applied the wisdom of his time to these challenges. He believed that cadres of experts really could care for the millions. They would calculate ideal tax rates, ideal rates of expenditure on social programs, ideal distributions of wealth and privilege. In many ways, theirs was an America by the numbers: If the numbers were right, America was right.

Gradually, we got to the point of equating dollars with commitment, and when programs failed to produce progress, we demanded more money. In time, this crusade backfired. Programs designed to ensure racial harmony generated animosity. Programs intended to help people out of poverty invited dependency.

We should have learned that while the ideals behind the Great Society were noble, the programs weren't always up to the task. We need to rethink our approach. Let's tell our people: We don't want an America by the numbers. We don't want a land of loopholes. We want a community of commitment and trust.

When I talked of a kinder, gentler nation, I wasn't trying to create a slogan. I was issuing a challenge. An effective government must know its limitations and respect its people's capabilities. In return, people must assume the final burden of freedom -- responsibility.

Any introductory course in political philosophy teaches that freedom entails responsibility. Most of our greatest responsibilities confront us not in government hearing rooms, but around dinner tables, on the streets, at the office.

If you teach your children and others how to hate, they will learn. If you encourage them not to trust others, they will follow your lead. If you talk about compassion, but refuse to help those in need, your children will learn to look the other way.

Once your commencement ends and your adult life begins, you will have to rely on the sternest stuff of all: yourself.

In the end, government will not make you good or evil. The quality of your life, and of our Nation's future, depends as much on how you treat your fellow women and men as it does on the way in which we in Washington conduct affairs of state. After all, the opposite of greed is not taxation. It is service.

My vision for America depends heavily on you. You must protect the freedoms of creation, speech and spirit. You must build a peaceful and prosperous future.

We don't need another Great Society, with huge and ambitious programs administered by the incumbent few. We need a Good Society, built upon the deeds of the many -- a society that promotes service, selflessness, and action.

The Good Society poses a challenge: It dares you to explore the full promise of citizenship, to join in partnership with family, friends, and government to make our world better.

The Good Society does not demand agonizing sacrifice. It requires something within everyone's reach: common decency and commitment. Know your neighbors. Build bonds of trust at home, at work, or wherever you go. Don't just talk about principles: Live them.

Good Society, built upon the deeds of the many. A society that promotes service, selflessness, action. (Applause.)

The Good Society poses a challenge: It dares you to explore the full promise of citizenship, to join in partnership with family, friends, government to make our world better.

The Good Society does not demand agonizing sacrifice. It requires something within everyone's reach: common decency -- common decency and commitment. Know your neighbors. Build bonds of trust at home, at work, wherever you go. Don't just talk about principles: Live them.

Let me leave you today with an exhortation: Make the most of your abilities. Question authority but examine yourself. Demand good government, but strive to do what is good. Take risks. Muster the courage to be what I call a point of light.

Also, define your missions positively. Don't seek out villains. Don't fall prey to obsessions about "freedom from" various ills. Focus on freedom's promise -- on your promise.

When John Kennedy talked of sending a man to the moon, he didn't say, we want to avoid getting stranded on this planet. He said, we'll send a man to the moon. We must be equally determined to achieve our common goals.

We live in the most exciting period of my lifetime -- quite possibly of yours. The old way of doing things have run their course. Find new ones. Dare to serve others and future generations will never forget the example you set.

This is your day. Barbara and I are very proud to share it with you. Congratulations to each and every one of you. (Applause.) And thank you for the honor. (Applause.)

And God bless the United States of America. (Applause.)

END 11:45 A.M. EDT

THE WHITE HOUSE

Office of the Press Secretary
(Hampton, Virginia)

For Immediate Release May 12, 1991

ADDRESS BY THE PRESIDENT
AT HAMPTON UNIVERSITY COMMENCEMENT

Armstrong Field
Hampton University
Hampton, Virginia

10:40 A.M. EDT

THE PRESIDENT: Thank you very much. President Harvey, Senator Warner, and Congressman Bateman, and members of the University administration, and especially the Class of 1991. (Applause.) May I thank the class president, Carvel Lewis, for his remarks; pay my respects to the faculty, and to Mr. Dillard and this magnificent choir.

My first exposure to music at Hampton was in the year either 1935 or 1936, when one of your predecessor singing groups came to Eastern schools. And this is a magnificent tradition of Hampton.

And let me say to those who graduated 50 years ago, you don't look so old to me. (Laughter.)

One of the pleasures of coming here is getting to know your university president better. You know, President Harvey is an avid tennis player. Really avid. When I shook his hand he corrected my grip. (Laughter.)

At any rate, it's a real pleasure to join with you today. I'm the ninth President to visit your campus -- and I might say that eight of them have been Republicans. (Laughter.)

Hampton is an elite institution. It boasts the largest endowment of any historically black college or university in the United States. Its graduates contribute daily to our national progress and national well-being. Patricia Stevens-Funderburk, Hampton '71, whom you honor today, serves in our Department of Health and Human Services. Patricia, congratulations to you for this fine award. (Applause.)

As President Harvey said and Carvel said, you all will make your marks in the world. And today I'd like to talk about the new world that you will enter -- a world no longer divided by superpower confrontation, but engaged in economic competition and international cooperation.

You in this magnificent Hampton Roads area understand this world better than most. More than 100 firms in this region conduct business beyond our borders. And when many of you leave this university, you'll look to distant shores, places where you hope to spread American ingenuity -- your ingenuity.

You ought to be excited about your opportunities. I know that I am. We stand on the verge -- if you look around the world you'll understand this -- we stand on the verge of a new age of freedom. If we build upon our strengths, if we join hands as a people, we will build a nation and a future unlike any ever seen in human history.

Our first and greatest strength, of course, is our intelligence, and our greatest tool for developing that strength is

our educational system. But we have to be honest with ourselves: Contrary to your tradition of excellence, our educational system as a whole has slipped in recent years. Test scores continue to fall. Dropout rates soar in many of our school systems. Businesses complain that some high school graduates don't have the basic reading, writing or math skills. And meanwhile, our elementary and high school students don't compare well to those in other industrial countries in math, science, and even in American geography.

We've got to do better. We ought to improve our schools the old-fashioned way -- through commitment and competition. Our America 2000 strategy tries to make a quality education available to every child and every citizen who wants to learn. We have challenged Americans to reinvent the American school -- not to improve it, but to reinvent it -- not by turning the task over to experts in Washington, but by inviting a nationwide competition to create better schools.

The concept of choice -- letting parents choose schools for their children -- plays a role. Its time has come. Polls show that 62 percent of the American public favor choice, and 72 percent of minority Americans advocate choice in the schools.

This should surprise no one, because choice means hope. It lets children from poor neighborhoods enroll in the same schools as our children from wealthier ones. It gives parents the freedom to find good schools for their sons and daughters. It frees students from the tyranny of inadequate education.

We've encouraged communities and businesses to roll up their sleeves and help; communities, by taking on crime and hunger and other disturbances that make it almost impossible to learn; businesses, by contributing expertise to local schools and by developing education programs at the workplace. You've set a great example right here with Hampton Harbor. You've built a successful commercial residential area, and you're turning the profits into student scholarships.

We remain committed to such programs as Head Start, which help prepare young students for school. It works. As long as I'm President, it will be adequately funded and it will keep on working. (Applause.)

The business of education is the business of creating a better world. A good education lets you see possibilities you would never have imagined before, and reach them. But education is also a commitment of labor of love.

I recently got a letter from an Army sergeant serving in Saudi Arabia. He talked about his daughter. And he wrote, "I am very proud of her and would like for her to know this: I am thinking of her even as I sit in the Gulf, serving my country."

Nilka Bacilio, who will receive a Bachelor of Science from the School of Education and Liberal Arts, with honors in Therapeutic Recreation -- your dad says, "Hi." (Applause.)

Other parents here have written me, and I want to thank you all. Nothing is more natural, no feeling more fulfilling than having pride in your kids. And when I talk about educational choice or educational reform, I always remember a crucial truth: We can't go anywhere without the support of the people who love us, who believe in us. And if there is any advice I can give today, it is this: Cherish those who give you this kind of lift, and return the favor whenever you can. (Applause.)

Speaking of educational excellence, let me pause now to honor Dinee Riley, who has achieved the highest grade point average of anyone in this class. (Applause.) It is my privilege and honor to hand her her diploma -- a biology major, 3.95. (Applause.) What a magnificent record. Dinee, you and your classmates should be proud of your accomplishments. And now comes the challenging part, making

use of knowledge once you get out of school.

As a nation, we must give everyone a chance to make full use of their imagination and intelligence. Our administration does this by trying to remove barriers to progress. We want to free people now trapped by self-doubt and despair.

We've put together an ambitious housing reform package. We call it HOPE, which extends the dignity of home ownership to people who live in public housing communities. The idea is simple: Give people assets; give them permanent wealth, not just consumable scraps of paper; offer people independence; don't hold them in the bondage of dependency. HOPE offers an ethic of encouragement. It encourages people to take an active part in building better lives for themselves, for us all.

We must free people who have been held back by barriers of discrimination. This administration will fight discrimination vigorously, because a kinder, gentler nation must not be gentle or kind to those who practice prejudice. (Applause.) We must free people bound by red tape and unnecessary regulation.

Last year, Americans devoted 5.3 billion hours to filling out regulatory paperwork -- 5.3 billion hours at a cost to the economy of $185 billion; and this can't continue.

We must free people from the specter of punitive taxation, which takes money that might otherwise buy a home, pay for a child's college education or establish a family nest egg. The controversial budget agreement that we signed last year restrains the growth of federal spending. It offers hope that workers in the future will be able to spend less time working for their tax collector and more time working for their families.

We must free people to create the next great invention. Our administration repeatedly has sought a cut in the capital gains, a tax on the wealth that you will create. That tax is a tax on ideas, on innovation, on the American dream.

But mainly, we must free ourselves from doubt. We must free ourselves from fear. We can't afford to hide from the rest of the world by erecting protectionist walls. If we want to learn, we have to compete. If we want to test ourselves, we have to compete. And if we want to take full advantage of all the world's diverse cultures, ideas and innovations, we have to compete. Our future lies in the world economy.

Last year, exports accounted for 84 percent of our economic growth. Between 1986 and 1990, our exports to the rest of the world increased 73 percent, and exports to our major competitors grew even more: to Germany, 80 percent; Japan, 82 percent; the European Community by 87 percent. We exported $673 billion in goods and services last year.

And our future depends on trade. We've asked Congress to extend the fast track trade procedures that presidents have been able to use since 1974. Without fast track, we will have trouble moving forward with critical trade initiatives, including the Uruguay Round of the GATT talks, North American Free Trade Agreement and the Enterprise for the Americas Initiative. Unfortunately, some of the opponents of free trade have resorted to slurs against our Mexican neighbors in the hopes of derailing fast track.

I can think of no more revealing contrast between a free-enterprise view of the human community and the protectionist view. Prejudice is usually nothing more than a breed of cowardice. People afraid to test themselves, or to risk challenging their assumptions hide behind restrictive laws and restrictive walls.

If we want to lead the post-Cold War world, we must not build walls of prejedice and doubt. We must involve ourselves in the world around us. We must build ties of mutual interests and

affection everywhere. And the same sentiments ought to guide us at home. In the end, prosperity requires trust. You cannot build a business if you spend all your time worrying about being cheated or conned or attacked. True brotherhood represents the key to happiness and growth.

The programs that I've discussed today give every American, rich or poor or middle class, white or black or brown, a fair chance to pursue his or her destiny. And they try to harness the engine of ambition in service to the common good. They do not divide people along race or class lines; they give everyone a shared stake in everyone else's success.

We have a chance to rekindle the kind of optimism that characterized the civil rights movement of the '60s -- one in which men and women of all races and backgrounds joined to pursue goals that we all hold dear: opportunity, prosperity, justice, freedom, tolerance.

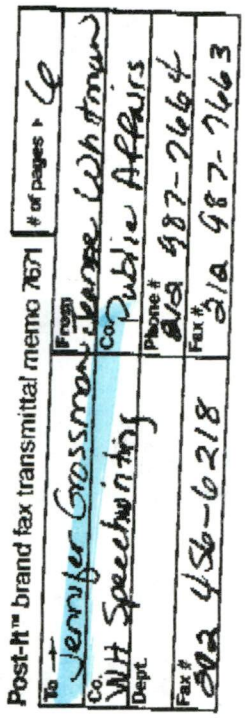
So today, you assume responsibility for shaping an international commonwealth of freedom. Believe in yourselves. Trust in yourselves. Don't abandon your passion for ideas or causes. Work hard, but serve your community. Attend to the thousands of tiny deeds that constitute a good and decent life, treat yourself well and respect others. Be a point of light. Build a truly good society.

To you, and to the friends and especially the families who have supported you over the years, congratulations. Thank you for letting me share in your commencement exercises. And may God bless you and God bless the United States of America. (Applause.)

END 11:00 A.M. EDT

EAST SIDE STORY

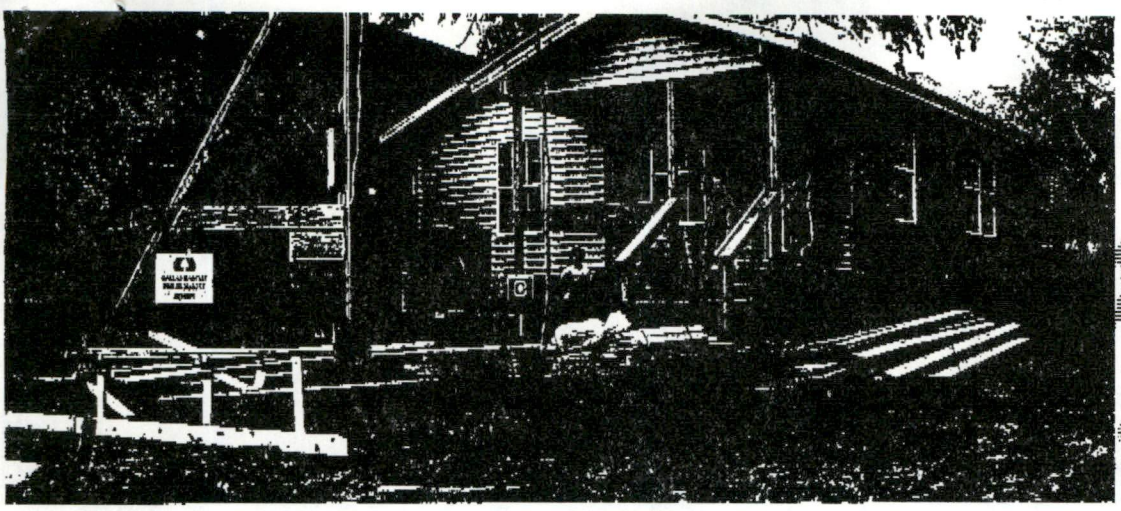
By Patricia Ann LaSalle



Paper

STUDENTS SPEND A SEMESTER IN THE CITY TO BRING URBAN STUDIES CLOSER TO HOME

LITTLE CARLOS WAS JUST PLAIN LAZY. ■ YOU COULD SEE IT IN THE WAY HE WALKED. ONLY NINE YEARS OLD, AND HE SEEMED TO SAUNTER THROUGH LIFE. "HE DOESN'T PAY ATTENTION IN CLASS," HIS TEACHERS SAID. "HE PUTS HIS HEAD ON HIS DESK AND PRETENDS TO BE RESTING, BUT IT'S JUST LAZINESS." ■ CHRIS LAKE, AN SMU STUDENT WHO TUTORS CARLOS AFTER SCHOOL, WAS BEGINNING TO BELIEVE IT, TOO — "I'M ASHAMED TO SAY." UNTIL THE NIGHT LAKE WAS DRIVING THROUGH CARLOS' NEIGHBORHOOD. IT WAS ABOUT 12:45 A.M. IN THE MIDDLE OF THE WEEK. ■ LAKE PASSED THE CORNER LAUNDROMAT, WHERE SOMEONE WAS WASHING THE WINDOWS. LAKE THOUGHT HE SAW SOMETHING FAMILIAR IN THE FACE BEHIND THE HANDS MOVING SIDE TO SIDE, MAKING BROAD STROKES WITH A RAG ON THE SOAPY WINDOW. IN AN INSTANT, HE RECOGNIZED THE FACE OF CARLOS. ■



Work in progress: Habitat for Humanity builds another house in East Dallas.



"Poverty is invisible because we are socially and racially segregated. I grew up in Dallas and I never saw these neighborhoods before. It was easy for me not to see them."

"It turns out that his mother manages the laundromat, and he helps her every night. If I hadn't seen this, I never would have understood what really was going on," Lake says.

Carlos wasn't lazy. He was just plain sleepy.

Lake calls that experience "an epiphany" — and ample justification for the program he initiated, through sheer determination, in East Garrett Park, a low-income area in East Dallas. Under the program, Lake not only tutors neighborhood children after school. He is one of five students who are the college kids next door, living in Carlos' neighborhood. They and seven other students also are enrolled in an SMU urban history course, which meets at a nearby church. Tutoring is a course requirement, but the live-in learning arrangement is voluntary.

"It just made common sense," says Lake, who masterminded the tutoring and residential components of the program, called the Inner City Experience.

"Little kids look up to big kids. As college students, we are the big kids. The inner city is overflowing with children, especially this neighborhood. So instead of waving to these children in the rear-view mirrors of our cars as we go back to the safety of SMU, we're staying behind, walking the same streets, passing the drug dealers and prostitutes, living on the same block."

The wood-frame structure the students share was once a crack house. Today it wears a fresh coat of paint — the telltale sign of a house salvaged by Habitat for Humanity, which renovates and builds houses for low-income families. Habitat, which Lake had served as an intern, agreed to rent the house to the students in exchange for neighborhood tutoring.

When Lake and his classmates moved in, the house was a work in progress. The floors were unfinished. Through holes in the kitchen ceiling, patches of sky could be seen. Puddles were everywhere.

The students pitched in, helping Habitat volunteers make the house livable. As the students took turns painting the walls and making other repairs, "it began to feel more like home," says Kelly Perkins. "I have a history in this house now because I worked on it. I feel very comfortable here now."

At first, Perkins did not sleep much at night. Every noise in the neighborhood became amplified by her imagination. She knew there were rats in the house. Fearing she would find one close to her when she awoke, she tried not to doze. The students got rid of the rats by patching a hole the size of a shoebox in the kitchen wall. "It's not that rats are common in this neighborhood, but they are common when there is a lot of construction around," Perkins says, "and there's a lot of work going on here because of Habitat's renovations. There are rats in Highland Park, too."

In most ways, the house is much like that shared by many college students — filled with a hodgepodge of furniture, posters, and paraphernalia. The look is lived-in, but also cared-for. To all of the students, this is home.

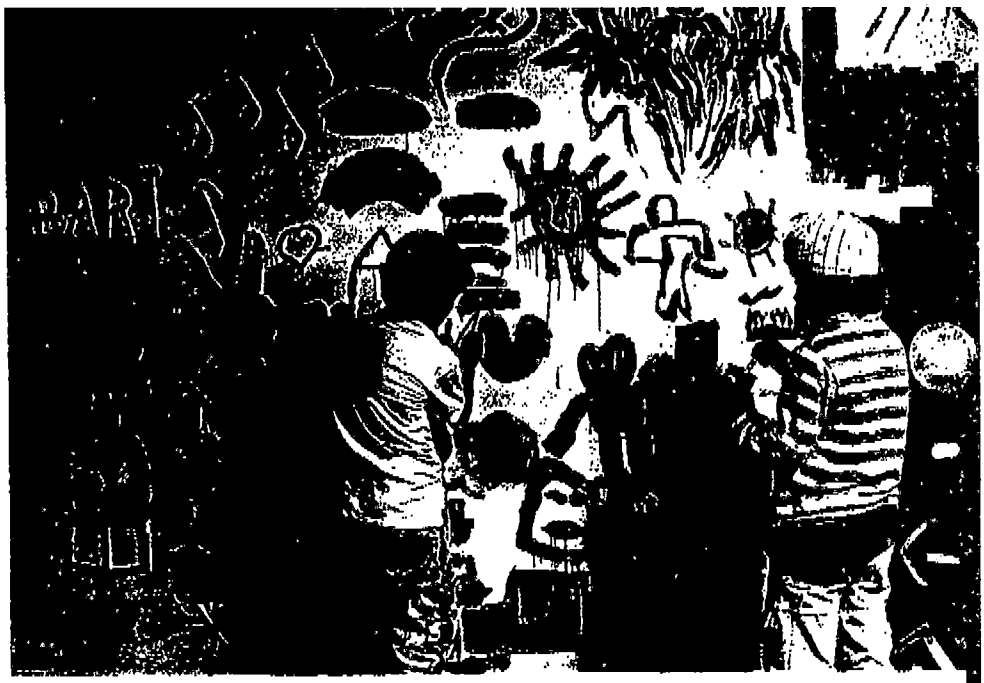
"It was somewhat stressful at first," says Miller Heath, "living in a house that was a shambles and trying to keep this whole tutoring program together, but it's going much better now. This experience is much more intensive than any class ever could be. It's living life compared with examining life."

"It's always an adjustment living with other people and sharing so much common area," Lake adds.

What makes it work is the common cause to which each student is devoted. The reasons, they insist, have little to do with a desire to be do-gooders or missionaries. This is not, they add, the classic situation of "us" — the privileged — versus "them" — the impoverished.

"What was really impor-

- student organizers are all architecture students, except Serrano



Making their mark: Neighborhood children paint a mural in the SMU students' house.



Worlds apart: Affluent Swiss Avenue borders East Garrett Park.

Life here has been significantly influenced by the Habitat for Humanity project, "which is very active in this 16-block area," Lake says. What at first appears to be signs of destruction — debris piled high in front of decayed, empty houses — is actually proof of progress. A Habitat for Humanity project is like an urban barn-raising. Volunteers from all over the city gather to construct or renovate houses in a matter of weeks. "It brings everyone together to build a structure, but they're also building a sense of community," Lake says.

Habitat has decided especially to help as many children as possible. It is succeeding, but physical shelter is only a foundation for what needs to be done, Lake says. "Most of these children and their families were coming from situations that did not enable the kids to get a jump on school. Their parents had not been able to reap the benefits of education, for many reasons. How, then, could we put the burden on them to instill in their children the crucial importance of education?"

Lake's answer was to start a tutoring program and recruit other students to live with him in the neighborhood. SMU responded with a course to add historical and sociological perspectives to the experience. The course also is open to students who choose not to live in the neighborhood. Because Lake previously had been a Habitat for Humanity volunteer, neighbors have not viewed the student tutors as outsiders, he says. Children feel comfortable enough to stop by the house any time for extra help with homework.

"I was skeptical about them at first," one mother says. "But now I know they are sincere. It comes from their heart."

The mothers and fathers of East Garrett Park share a problem common to many families in which both parents work — latch-key children. "These are caring, loving families," says Miller Heath. "But these people also work around the clock to make ends meet, and they worry about their children when they're alone." The daily tutoring program gives the youngsters an after-school safe haven in an area where gangs sometimes operate.

The blond brick tower of the Munger Place United Methodist Church dominates the corner of Bryan Street and Munger Boulevard. At 7 p.m., students begin arriving for their weekly, two-hour class, "Studies in Urban Culture." At a nearby dumpster, a figure in the dark picks quietly and methodically through the refuse, looking for something usable, or edible.

Inside, a church meeting hall serves as the classroom. Students sit at plain, well-worn folding tables, arranged in a square to encourage discussion.

"It's important that the students get off campus and become exposed to the real-life issues of the city," says Marilyn Johnson, assistant professor of history, who teaches the course. "My hope in this course is to get students to think critically about urban issues and activism, to become familiar with the more than 100-year tradition of community action in this country, of the different styles and approaches that have been used."

Author Jane Addams describes one approach in *Twenty Years at Hull-House* (1910), one of six required books in the course. Addams shares her experiences in establishing a settlement house in Chicago to provide social and educational services to the poor. She soon learns that "private beneficence is totally inadequate to deal with the vast numbers of the city's disinherited."

Later, students read *Reveille for Radicals* by Saul Alinski, who in 1946 espoused an inside-out formula for activism — "that you find out what the issues of a neighborhood are, who its leaders are, and work as a catalyst, not someone who goes in and tells people what's good for them," Johnson says.

In the nineties it's called empowerment.

The students themselves say they are becoming empowered by the knowledge that urban issues are more complex than meets the eye. Johnson has learned from reading the students' class journals that some thought they could come in and simply dispense charity, a one-way process between giver and recipient that is supposed to make one feel good and the other feel grateful.

The students are learning, however, that "this can be a two-way process, a program that is shaped as much by the people in the community as it is by the volunteers," Johnson says.

As a child, one student frequently visited relatives who lived in a Dallas housing project. She remembered the volunteers she once regarded as "do-gooders" from the north side of town. "And now here I am being a do-gooder!" she wrote in her journal. "But I'm not going to be like that. I'm not going to come in with an attitude that I'm superior."

The course also introduces students to the larger societal and political forces that shape the nation's cities. "We can't look only at the problems of people in these areas," Johnson says. "In a sense, we are all complicit in these problems. The ghetto was created from the outside as well as from the inside."

The students have taken that lesson to heart. When City Council member Lori Palmer came to speak to the class about urban politics, they were loaded with questions. "You say you're interested in quality-of-life issues, but we can take you around this neighborhood and show you what the quality is really like here in terms of city services," one student said. "How can this be?" In a 45-minute exchange, students "forced Palmer to articulate exactly what the community needed to do to get the attention of the City Council," Johnson says. "I was glad to see this coming from the students. They were not just going to sit there and nod."

When SMU English Professor Eric Cheyfitz spoke to the class, he probed for student responses to the 1962 classic, *The Other America: Poverty in the United States*, by Michael Harrington. Cheyfitz, who teaches courses on American studies, drew their attention to a particular passage:

"We already pay an inordinately high price for poverty in the United States," Harrington writes. "Misery generates social chaos, and it takes money just to police it, just to keep it from becoming so explosive that it will disturb the tranquility of the better off. In cold cash-and-carry terms, there would be a long-range pay-off if slums were abolished.... In human terms, such action would mean that millions of people would be returned to the society.... As the sixties open, there is not yet the political will to get to the root of the problem."

"Are the nineties any different?" Cheyfitz asks. Numerous studies have revealed that the gap between rich and poor is widening: The top 20 percent of Americans now get 47 percent of the country's total income, while the bottom fifth get 3.9 percent. "Why this lack of progress in dealing with poverty?"

"It's because of our own brand of social action — we treat symptoms and not the cause," says Miller Heath. "It would cost so much to change the system, and politicians are too scared to say we need drastic changes."

Tony Petote adds: "We're always seeking immediate answers to huge, long-term social problems."

"What about the ideology of individualism?" Cheyfitz asks. "It is a powerful force that can subsume the notion of community. We don't see ourselves connected in many ways."

Petote picks up on that point. "Yeah, I hear a lot of people say, 'My parents were poor, and they made it, why can't these other people?' But I think



The many ways of learning: A field trip to the art museum offers new perspectives; a tutoring session focuses on reading skills.



their parents were actually blue-collar, not poor. Still, there seems to be a lack of sympathy."

Poverty is a "relational term," Marilyn Johnson interjects. "The definition changes." So do circumstances. "The early waves of immigrants came when the economy was expanding and there was a labor shortage. More recent immigrants face a shrinking economy and a shortage of jobs."

Student Genevieve Adams reflects on the title of Harrington's book, *The Other America*. "Poverty is invisible because we are socially and racially segregated. I grew up in Dallas and I never saw these neighborhoods before. It was easy for me not to see them."

Lake and his housemates want others to see. They will graduate in May, moving on to law school (Lake); backpacking through Central America (Heath); earning a teaching certificate (Perkins); seeking a career in international relations (Crane); and returning to Mexico (Serrano). But they are doing everything possible to make sure their program endures, applying lessons in community activism to the campus as they recruit students who will make a similar commitment to live in the neighborhood.

"As college students, we're supposed to be tomorrow's leaders, to be solving the problems of society," Lake says. "This is definitely a problem, the perpetuation of poverty in this country. We can't just read about it in a textbook; we must be immersed in it. Only then can we really understand it, and only then can we bring our education one step further, to action.

"If we're graduating students with tendencies only to make money, that's as much a reflection of SMU as an institution as it is the students."

Johnson, who has studied the interplay between ethnic and economic groups in cities, agrees that SMU, as an urban university, should be more involved with the city of Dallas. "Sometimes a dominant group within a city can define a university in a certain way, but we need to move beyond that."

SMU officials say they will not make inner-city living a requirement for students in the urban studies course, an action Lake advocates. But the University will continue the Inner City Experience next year and is providing a Perkins School of Theology intern to coordinate the tutoring aspect of the program. In the fall semester, Eric Cheyfitz will teach the course associated with the program, "Social Action and Social Vision in American Literature." Marilyn Johnson wants to teach her urban history course again in the future.

"Of any course I've ever taught," she says, "I come away from this course feeling as if things have happened. The students are learning, the kids are learning, and I'm learning."

What educators call "learning for the common good" is a rising issue in higher education. "To bring the study of philanthropy into the university is to call attention to the mission of a university — a higher and more socially responsible mission than recent media reports would suggest," writes Robert L. Payton of Indiana University's Center on Philanthropy in the foreword of a recent report. He cites historian Karl Weintraub's observation that the first objective of a liberal education is to understand the complexity of things — of society, individual, and culture.

Just ask little Carlos. He still works nights, but now his days are filled with a few more individuals who know better than to label him, and enough to understand him. ❦

A circle of friends: Students of all ages learn from each other.

"Instead of waving to these children in the rear-view mirror of our cars as we go back to the safety of SMU, we're staying behind, walking the same streets, passing the drug dealers and prostitutes, living on the same block.... We can't just read about [poverty] in a textbook; we must be immersed in it. Only then can we really understand it, and only then can we bring our education one step further, to action."



CAUSE FOR CELEBRATION

The Trinity River glides lazily along the western edge of downtown Dallas, in places creating a double image of the city. During the past 150 years, the profile reflected in the river has changed from that of a single log cabin, built in 1841 by John Neely Bryan, to a horizon of gleaming skyscrapers. But the city's expansion goes beyond the physical. Dallas has evolved into a diversified center of culture and commerce, a transformation heralded by "Jubilee Dallas: Celebrating 150 Years."

The year-long celebration, which culminates in November, highlights the many individuals and institutions contributing to the city's evolution. One of them is Southern Methodist University.

"A great university for a great city." That was the rallying cry in 1911 among Dallasites and Methodist Church officials who founded SMU. On a stretch of prairie as desolate as that encountered by John Neely Bryan, SMU President Robert Stewart Hyer pioneered a grand vision for learning and directed the construction of a great building, Dallas Hall. It was named in honor of the community that provided land and money for Hyer's field of dreams. When SMU opened its doors in 1915, 68 percent of the University's students came from an area within 100 miles of Dallas. By 1925, that figure had grown to 79 percent.

Today, more than 33,000 Dallas residents are SMU alumni, many of them the city's leaders in fields ranging from industry to health care, the arts to the ministry.

What a vibrant university brings to a dynamic city is more than a degree-bearing workforce, as crucial as that brainpower is to the city's productivity. Two of SMU's six schools, in fact, were developed by request of Dallas groups — the Dallas Chamber of Commerce asked SMU to offer a business curriculum, resulting in today's Edwin L. Cox School of Business. The Dallas Technical Club urged the University to establish its School of Engineering and Applied Science. Graduates of the Perkins School of Theology serve 315 area churches. And more than 40 percent of the 7,000 practicing attorneys in North Texas are SMU law graduates. Alumni of Dedman College — the college of humanities and sciences — and the Meadows School of the Arts hold leadership positions in fields as diverse and creative as are the studies they pursued. Their graduates include winners of the Academy Award and the Pulitzer and Nobel prizes.

In addition, SMU serves as a center for continued renewal of the intellect. Each year, hundreds of lectures, seminars, workshops, evening courses for academic credit or personal enrichment, performing arts events, and art exhibits draw thousands of Dallasites to the campus. SMU delivers some programs to the doorsteps of community residents — the Engineering School appropriately takes full advantage of technology to transmit classes to the companies of more than 350 area engineers working on advanced degrees.

Faculty and student research addresses city, societal, and global challenges. In nearby Ellis County, the Superconducting Super Collider is gearing up to be the world's largest atom smasher with help from scientists who teach in SMU's Dedman College. Students, faculty, and sta are active community volunteers, building houses for Habitat for Humanity, cleaning up area parks, and tutoring inner-city children. SMU law student provide free legal assistance to more than 1,000 low-income Dallasites in cases ranging from housing discrimination to political asylum.

Numerous athletic events both entertain and inspire audiences to appreciate the union of sound mind and healthy body that represents the ideal of education.

As an economic force in the community, SMU educational enterprise represents a total direct impact of more than $240 million.

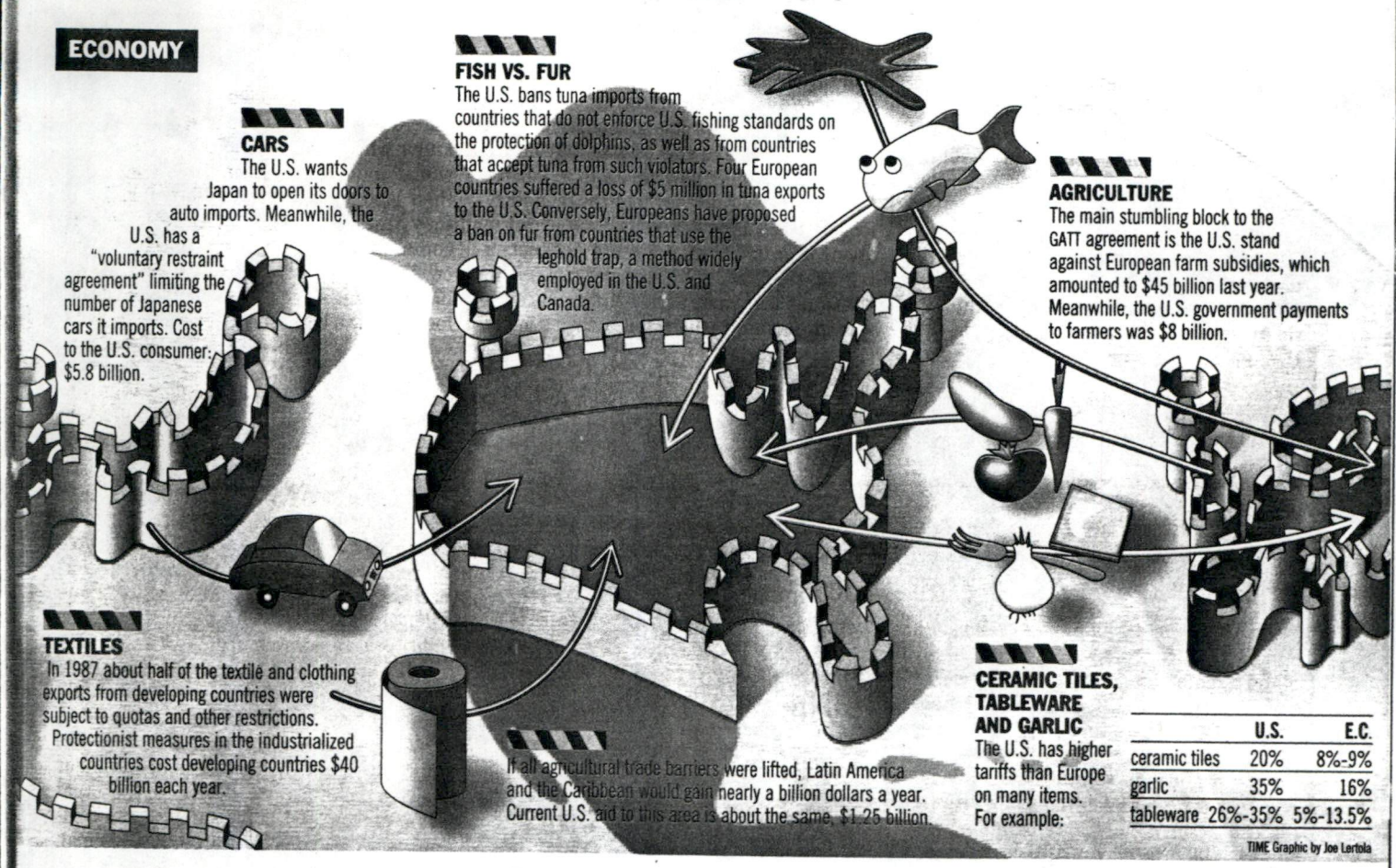
What SMU receives from Dallas is immeasurable. Beyond financial support, Dallas leaders provide their time and talent a members of governing and advisory boards at every level of the University. Dallas residents knock on doors of corporate headquarters to solicit support and open new pathways of communi cation. They devote hours putting their commitment on the line during yearly telethons. They recruit new students, then provid them with scholarships, internships, and career advice. And when a new class of graduates emerges from the Hilltop, those who remain in Dallas find a ready network of community contacts. As alumni return in kind the assistance they received as students, the cycle continues.

At times both the city and the University have experienced growing pains together, each challenging the other to reflect an to reform. When former SMU President Willis M. Tate ('32, '3 supported the campus appearance of Martin Luther King Jr. in 1966, and faced opposition from some city residents, he remind ed the community that SMU was rightfully a forum for the "fre enterprise of ideas." Both city and campus continue to suffer from stereotypes that only open hearts and minds can help to overcome.

"Jubilee Dallas" represents not only a commemoration of the past and a celebration of the present, but also a "chance to heighten awareness about reaching new goals" for the city, says Chair Robert B. Lane, president of NCNB Texas. So it is for SMU, which is looking for new ways to share its vision of educa tion with Dallas. An example is the new evening undergraduat degree program offered by Dedman College. And as this magazine went to press, the Board of Trustees named Dallas busines and civic leader Charles H. Pistor Jr. ('61) as vice chair of the University, in part to strengthen SMU's relationship with the community.

Southern Methodist University salutes the city of Dallas. A *SMU Magazine* will continue in future issues to explore the inte play between campus and community. "A university situated i large city is under an obligation to minister in every way practi cable to the educational needs of the city," SMU's 1915 catalog stated. "Southern Methodist University feels under special obli gation to the people of Dallas. . . ."

That statement still applies. ★



THE BREAKDOWN OF TRADE TALKS

Who Pays the Price

They are known as the Uruguay Round of the GATT talks, and that alone can make eyes glaze over. But the current stalemate could be costly for most Americans, and everyone else.

By J.F.O. MC ALLISTER WASHINGTON

IN A RED TILE VILLA OVERLOOKING Lake Geneva, long-suffering diplomats shuttle in and out of meetings, their faces betraying anxiety that the most ambitious overhaul of international-trade rules since World War II is floundering. In Brussels, European Community officials denounce the hard-nosed obstinacy of their American counterparts. In Washington, George Bush struggles to convey optimism, dropping vague references to "new ideas" that might break the logjam between Washington and the E.C. In Tokyo, ministers try quietly to bridge the gap between Europe and the U.S., lest there be any interruption of the trade machine upon which Japan's now imperiled prosperity depends.

The six-year-old bargaining session known as the Uruguay Round of GATT, the 107-nation General Agreement on Tariffs and Trade, is in trouble. Washington and the E.C. are locked in a quarrel over how much Europe will be allowed to subsidize its farmers and thus give them an advantage over everyone from American wheat growers to Third World farmers trying to produce cash crops for foreign markets. There are fears that unless something is done to break the stalemate, the world will slip into commercial darkness and political tension. Warns GATT's director general Arthur Dunkel: "There will be major negative consequences for social stability and even international peace."

Perhaps so. But it's hard for citizens in the industrialized U.S.—which is relatively self-sufficient and historically prone to protectionist impulses—to get a grip on GATT, let alone get very alarmed about its potential failure. Successive rounds of negotiations, diligently conducted since 1947, have pushed down tariffs from 40% to 4% in member countries. Still, people find it difficult to connect the statistical aggregates of GATT-speak with their lives and wallets.

But open international commerce is as vital to American prosperity as it is to any other nation's. Last year the U.S. was the world's largest exporter, selling a record $422 billion worth of goods and $145 billion in services abroad. Each billion dollars of exported merchandise generates 20,000 jobs, and fully one-third of the country's economic growth in the past five years has flowed from the surge in foreign sales. For example, more than $20 billion in revenues made by U.S. airplane manufacturers comes from sales abroad, money that then finds its way into the cash registers of grocery and shoe stores and insurance agencies in the communities where

the workers live. Corn growers bring more than $6 billion of cash into the country, scientific-instrument makers more than $12 billion. Contrary to the protectionist shibboleths, imports benefit the country as well: from cars to VCRs, the American consumer saves money because of cheaper products shipped from overseas.

Since the U.S. market is fairly open, a GATT accord is expected to spur new exports for American firms while adding little in the way of foreign competition that U.S. products do not already face. Carla Hills, U.S. Trade Representative, estimates that a successful Uruguay Round (so named for the talks' original venue) would generate an additional $5 trillion in world output over the next decade, of which the American share would be a hefty $1.1 trillion. It's "like writing a check," explains Hills, "to every American family of four for $17,000, payable over 10 years."

No one should wait by the mailbox. But American industries and individuals do stand to gain materially from a successful Uruguay Round. The pact, as it stands, contemplates a one-third drop in average tariffs and safeguards against hidden export subsidies. It would also provide a stronger forum for settling trade disputes amicably than unilateral reprisals, such as the $1 billion in new tariffs on European goods that the U.S. threatened last week in retaliation for E.C. subsidies on oilseeds like soybeans.

The Uruguay Round is especially interesting to American business because it tackles whole new areas of commerce, perhaps one-third of the world economy, previously left outside GATT controls: services like banking, insurance and telecommunications; intellectual property such as patents, software and video recordings; and agriculture. These are all areas where U.S. firms could strenuously compete if foreign governments treated them no worse than homegrown firms. For example:

- ▶Arthur Andersen, the accounting giant, cannot penetrate the carefully designed thicket of regulations that keeps its auditors from practicing in Turkey.
- ▶U.S. banks are denied access to automated-teller networks in some Asian countries.
- ▶IBM estimates that software duplication, especially in countries with weak antipiracy laws, causes the company to lose more than $1 billion in sales each year.
- ▶The foreign equivalent of "Buy American" laws have barred General Electric from selling a single steam turbine to generate electricity in Europe since 1947.

But getting from here to GATT will require a slog through the farmyards of the world. "The key to the whole GATT equation is agriculture," says a senior U.S. official. "For the Latin Americans and the Asians to make commitments in services and intellectual property, they have to get access to agricultural markets."

Precisely the problem, say farmers in Europe. They like the quotas and tariffs provided by their governments to bolster their incomes. And they fear the monetary loss the Uruguay Round would bring about in order to give foreign products a fair shake. The E.C. doled out $45 billion in subsidies last year, $4,100 a farmer, even though farming generated a tiny 3.5% of European output. Despite seeking their own, albeit smaller, subsidies from Washington, American farmers resent the E.C.'s largesse and threaten to fight any GATT treaty that fails to curb it. But the E.C. has dug in.

Washington, despite its free-market rhetoric, spends about $8 billion a year to underwrite American farmers. Trade barriers further boost farm income. Quotas keep cheaper foreign sugar, for example, out of U.S. supermarkets, which cost American consumers $1.9 billion in 1987. But these programs would continue almost untouched by the Dunkel proposal, which gives credit for existing U.S. efforts to scale back subsidies.



The people who will gain jobs in computers and other services because of GATT don't know who they are yet.

While Americans may sneer at the far more expensive addiction of Europe's farmers to subsidies and trade barriers, some of Uncle Sam's industries cannot live without a stiff fix from Washington. U.S. shipyards enjoy the protection of a 50% tax imposed on nonemergency repairs of U.S.-owned ships in foreign yards. Another boost to maritime interests is a law that prohibits foreign-built vessels from carrying goods from one American port to another. In Geneva, U.S. negotiators say they want to exempt shipping altogether from the new GATT regime. Extensive textile quotas, which the Uruguay Round proposes to bring under GATT for the first time, raise the bills of every American family almost $500 a year, according to a 1987 study. But the beneficiaries of such protection—politically well organized textile manufacturers and unions—can exert political leverage, while those who pay for it are widely dispersed.

"The people who will gain jobs in computers and services because of GATT don't know who they are yet," says a congressional aide. "The people who will lose their jobs in textiles know damn well who they are." The Bush Administration welcomes the Uruguay Round precisely because it will strengthen Washington's hand in just saying no to inefficient firms looking for a bailout. "This is a form of deregulation at home," observes a senior official.

If such pocketbook arguments for liberalized trade aren't convincing enough, there are some compelling political ones. The countries in Latin America, Eastern Europe and the former Soviet Union now groping toward economic liberalism covet GATT membership as a way to reinforce market-oriented reforms and to win foreign investment. It would be unfortunate for GATT to wither and die just as these countries are joining up.

Moreover, many experts predict that a collapse of the Uruguay Round would shove the world economy into a protectionist spiral, leading to serious political frictions between the U.S. and its major trading partners reminiscent of the Great Depression. "With the collapse of communism," says a White House official, "we're finding that our relations with countries around the world are focused more on economics and that the irritation points are economic too." If these irritations accumulate, huge regional trading blocs under construction in Europe and the Americas could be joined by one in Asia, all of them bristling with trade barriers.

Other analysts doubt that the aftershocks of a GATT failure would be so cataclysmic, and they point out that GATT rules were unable to solve America's trade problems with Japan in the 1980s. Some environmentalists argue that a strong free-trade regime will block individual countries from banning ecologically suspect products or subsidizing conservation, and they dislike GATT's relentless quest for economic growth.

What's next? Washington is promoting the July 6 summit of the leaders of the seven industrialized nations, known as the G-7, as the logical deadline for resolving its impasse with Europe over farm subsidies. "These are very difficult problems," says a senior Administration official, "but at some point everybody has to hold hands and jump into the water." The diplomats in Geneva may find their job easier if they recognize that any lengthy negotiation reaches a point where the best becomes the enemy of the good. But they will also be aided by a broader constituency aware of what it all means for them. —*With reporting by Adam Zagorin/Brussels*

THE WHITE HOUSE
WASHINGTON

Andy

DATE: Apr. 22, 1992

TO: Dave Demarest

FROM: **CLAYTON YEUTTER**
Counsellor to the President for
Domestic Policy

Dave, lots of good background material in this one. Your speechwriters should be able to use some of it over the next few months.

The article does a superb job of putting the U.S.-Japan economic relationship in it s proper perspective. And we come out looking mighty good!

CY

Japan's Decline, America's Rise

By KAREN ELLIOTT HOUSE

TOKYO — "Shrinkies: Amazing, in four magical minutes they bake and shrink right before your eyes!" So says the box top on our five-year-old's favorite toy — little plastic cutouts that, when heated a few minutes, do indeed shrink while one watches.

Something like that seems to be going on in Japan these days, as the nation's confidence — or, arrogance — suddenly seems to be shrinking under the heat of a moderate meltdown of Japan's financial markets and corporate profits. For the first time since the traumatic days of the Arab oil embargo two decades ago, Japan is facing an economic reversal.

Japan's economy grew more slowly than America's in the third quarter of last year and actually contracted in the final quarter. Many believe the first quarter of this year will also show no growth. For a whole generation of Japanese, reared in an era of steadily expanding Japanese prosperity and confidence, it is the first setback they've ever experienced. The question is less how far the Japanese economy will shrink than how the Japanese will react psychologically to even a relatively mild and brief economic recession.

American Fear and Anger

Over the same 20-year period, Americans have seen their national self-confidence eroded by a series of economic and political problems, real and imagined. Thus, a corollary question is how Americans will react to the discovery that the Japanese aren't 10 feet tall.

In recent years all too many Americans have come to see Japan as an invincible economic engine destined to roll over the world, leaving America a second-rate global power. The sight of Japanese investors buying Rockefeller Center and Columbia Pictures, coupled with a ballooning surplus in Japan's trade with the U.S., has frightened and angered many Americans. The current best-selling novel, "Rising Sun," panders to these fears and resentments. "At the rate things are going, we are all going to wind up working for the Japanese," predicted Lester Thurow a few years ago. An economist at the Massachusetts Institute of Technology, Mr. Thurow is just one of many singers in the mournful America-is-doomed choir.

The dirges never were truly justified, but now they are downright discordant. Indeed, Americans who want to see America outperform Japan ought now to be humming the Hallelujah Chorus —not in glee at Japan's difficulties, but in confidence that America need not fear the Japanese.

The Japanese, never the economic terminators of America's imaginings, are demonstrably vulnerable to the same market forces that shape the economies of other mortals. The past month's precipitious fall in Japan's stock market has finally focused world attention on what's really been going on in the Japanese economy in recent years. The Tokyo market actually has fallen by more than half since 1989.

As asset values have declined, banks no longer have capital to lend at cheap rates to Japanese corporations that historically have invested in expansion of export capability — or in purchasing new facilities abroad. Further, the yen appreciated in the aftermath of the Plaza accords, a 1985 agreement by the major economic powers to realign currencies by driving down the dollar. So Japan's profits on exports steadily shrank.

"Most Japanese exports haven't been profitable since 1985," says Akio Mikuni of Mikuni & Co., a bond-rating firm. "But Japanese banks continued to lend to corporations on the theory that eventually exports would be profitable."

The Japanese, never the economic terminators of America's imaginings, are vulnerable to the same market forces that shape the economies of other mortals.

But banks now are restricting credit, forcing many Japanese companies to sell their shares to pay down debt — thus further depressing stock prices. Mr. Mikuni believes this market crisis could lead to a fundamental untangling of the web of cross-ownerships between banks and corporations that have provided Japanese companies cheap money and made them invulnerable to takeovers.

The bubble has burst. The cycle of rising asset values, high bank profits, cheap money, and ever-expanding corporate investment in export production is over — at least for a time.

In the short run, Japanese corporations will invest fewer dollars abroad, and many will be forced to use dollars earned from exports to buy yen to pay down debt in Japan. This will further increase the yen's value and thus depress the already narrow profit margin on Japanese exports.

"We can't export our way out of this economic downturn," says Mr. Mikuni. "Japanese companies are going to have to compete for market share at home, and that will make the Japanese market more competitive for other nations too."

Sony Chairman Akio Morita agrees. "Japanese consumers aren't buying," he says. "We have excess production, so we have to cut production and lose profitability."

In contrast to recent years, when Japanese have purchased American assets, Mr. Morita says he expects—and hopes—Americans now will buy Japanese assets. "There is a big 'For Sale' tag on Japan now," he says. "I hope America will step in and buy our corporate shares."

All this suddenly has sobered a Japanese business community long intoxicated by success. There is palpably less preaching to Americans about Japan's superiority, America's problems or Japan's willingness to "manage" America's decline. Japanese see their economy as still fundamentally sound but no longer invincible.

Indeed, Japanese executives sound much like American colleagues as they rediscover old virtues, such as corporate frugality. Lavish expense accounts are among their first targets. Companies long accustomed to focusing on market share, not profitability, now face the same realities as their American counterparts. If both equity and investment capital aren't any longer guaranteed by a symbiotic relationship with a flush Japanese bank, then corporations must earn solid profit.

When a reporter suggests to Mr. Morita that raising historically low corporate dividends might lure new investors into the sagging stock market, he says, "I'd love to raise my dividend, but I have no profits to finance it."

All this doesn't mean Japan's economy is deeply or uniquely troubled. Rather, recent events underscore that not even Japan can escape the realities of a global market economy. It's basic economic realities, more than publicized pressures on trade negotiations, that actually seem to be leveling the playing field.

This ought to be comforting to Americans who put their faith in the functioning of free markets and in the continuing strength of America's economic, social and political system. Indeed, many Japanese are mystified by America's shortage of self-confidence. "America has the best situation in its history," says Mr. Morita. "You won a big victory in the Gulf last year and you also lost your biggest enemy, the Soviets. This should make all Americans proud. So why has the U.S. lost its confidence?"

He asks the right question. In truth, there is little logical basis for America's economic and political pessimism. An election year has the Democrats whipping America for its failings and the Republicans seemingly incapable of articulating American successes.

In recent years, while the declinists have been wringing their hands about America's future, American business has been busy increasing its global competitiveness. One measure: The volume of U.S. exports increased by 13% a year from 1986 to 1990, compared with only a 2.8% increase for Japan. America's share of global exports has risen over the past decade. (Japan still has a favorable balance of trade with America, but Japan is second only to Canada as the major purchaser of American exports, exceeding Germany, France and Britain combined.)

America these days faces a world with growing markets for its products and, with the disintegration of the Soviet Union, no rivals to its political and military power. In short, America is the rising sun.

The dawn looks very different in Japan. Economic clouds are only part of the problem. Japanese worry about growing protectionism in unified Europe as well as in the U.S. They worry about an unstable Korean peninsula and a repressive, regressive China, both in their backyard, not America's. They feel trapped between Western pressures that they shoulder a greater share of global defense burdens and Southeast Asian fear of any military expansion by Japan. Above all, they fret that America may fold its security umbrella over Japan, forcing onto them a major military buildup.

Tip of the Iceberg

Ironically, as Americans debate what to do with peace dividends, the Japanese worry about the prospect of mounting defense expenditures. Similarly, for all the concern in America over the state of its political system, it's the Japanese who have seen four prime ministers toppled by scandal or failure in the past five years alone and scandals unearthed so far are widely seen here as only the tip of the iceberg.

The growth in Japanese wealth and power over the '70s and '80s went a long way toward camouflaging Japanese insecurities over the fact they are little loved anywhere. As they now begin to feel poorer, those insecurities revive. The Japanese have always known they aren't loved. But to be neither loved nor feared is the worst of alternatives.

The best of alternatives, of course, is neither to be feared nor to win global popularity contests, but rather to be admired. An America that has won the Cold War, that has seen its political and economic values spread from Southeast Asia to South America, and that now clearly is reasserting its economic primacy over an uncertain Japan has that alternative — if only it believes in itself.

Ms. House is vice president, international, of Dow Jones & Co.

Photo Copy Preservation

Question:

What basic industries are stronger today than they were 10 years ago?

Answer:

Summary:

- Over the 10 most recent years for which data are available (1979-1989), most U.S. basic industries (manufacturing) have expanded.
- Overall, the output growth of the U.S. manufacturing sector has slightly outstripped the growth of the overall economy.
- Within the manufacturing sector, production in some industries has surged -- particularly those in which high-technology products are found -- while production in others has declined.
- In many regards, the data reflect the type restructuring of the manufacturing sector that one might expect in the case of an advanced industrial economy like that of the United States. Many industries characterized by high-tech products have expanded their share of U.S. manufacturing output while other manufacturing industries have seen their share decline.
- Despite the strong rate of growth of output, manufacturing employment fell 7.6 percent over the ten-year period, due to rapid improvements in manufacturing productivity.
- Employment growth outside the manufacturing sector has more than taken up the slack with the increases in non-manufacturing jobs 15 times greater than the loss of jobs in manufacturing.
- Rapid growth of U.S. exports was a principal contributor to the strong growth of U.S. manufacturing output.

Trends in Manufacturing Output (1979-1989)

Manufacturing output has grown faster in the United States than in the rest of the world: As Chart 1 shows, according to World Bank data,[1] U.S. output of manufactures grew at an average compound rate of 3.8 percent between 1980 and 1989, while world manufacturing production grew at the somewhat slower rate of 3.5 percent. (For the sake of comparison, the World Bank reports that in the earlier period 1965 to 1980, U.S. manufacturing output grew a slower 2.5 percent average annual rate. The World Bank does not report comparable figures for world manufacturing output growth for the 1965-80 period.)

U.S. manufacturing output grew somewhat more rapidly than the average growth for non-manufacturing sectors of the U.S. economy: Between 1979 and 1989[2], the real (constant dollar) output of U.S. manufacturing increased by 30.4 percent (average rate of 2.7 percent per year.) (See Chart 2.) This rate slightly exceeded the growth rate for non-manufacturing sectors of the U.S. gross national product (GNP) which rose 28.6 percent (average annual rate of 2.5 percent) over this period. As a result, the share of manufacturing in U.S. constant-dollar GNP rose from 22.3 percent in 1979 to 22.6 percent in 1989.

Restructuring within the U.S. Manufacturing Sector

While U.S. manufacturing overall has experienced substantial growth, changes in output for individual industries in the manufacturing sector have varied widely: Machinery has been the fastest growing U.S. manufacturing industry with production more than doubling in 10 years (Chart 3 and Table 1). Exceptionally strong growth was also recorded for petroleum and coal products, up 80.3 percent, transportation equipment other than motor vehicles (air craft inter alia), up 79.2 percent, rubber and plastic products, up 56.3 percent and electric and electronic equipment, up 50.8 percent.

At the other end of the spectrum, manufactures of tobacco declined by slightly more than two-thirds, of leather and products by 31.0 percent, and of primary metals by 30.0 percent.

Although production of motor vehicles and equipment dropped by 8.3 percent, production for the transportation sector as a whole grew at a rate (26.1 percent), almost in line with manufacturing overall. As a result, transportation equipment other than motor vehicles has grown to exceed the size of the motor vehicle transportation sector: other transportation rose from roughly 70 percent of the motor vehicle sector in 1979 to 135 percent in 1989.

Changes in industry shares of total U.S. manufacturing output: Table 2 shows the share of total manufacturing output accounted for by each manufacturing industry in 1979 and 1989 (as well as their rank order in each year). The largest single change has been the rise in share of machinery from 12 percent of U.S. manufacturing in 1979 to 18.8 percent in 1989. The largest single decline in share was for primary metals, down from 7.4 percent of output in 1979 to 4.0 percent in 1989.

Chart 4 shows the change in share of U.S. manufacturing output between 1979 and 1989 for each of the 21 manufacturing industries. It is striking that U.S. manufacturing sectors gaining share tend to be those where one would expect the production of higher technology products are located: machinery, electric and electronic equipment, non-automotive transport equipment (aircraft in particular) and chemicals and allied products. These four sectors, in fact, increased their collective share of U.S. manufacturing output from 33.6 percent of total in 1979 to 43.7 percent in 1989.

In contrast, in many, but not all, cases, the U.S. manufacturing industries losing share were more traditional in nature and/or those reflecting the U.S. natural resource endowment. For example, leather and products, tobacco manufactures, lumber and wood products, stone, glass and clay products, and primary metals have seen their collective share of U.S. manufacturing decline from 15.7 percent in 1979 to 9.9 percent in 1989.

Trends in Manufacturing and Overall Employment

Between 1979 and 1989, employment in the United States increased by 23.4 million (Charts 5 and 6) or an average annual rate of 2.1 percent. The composition of employment, however, changed. Jobs in manufacturing industries fell 1.6 million to a total of 19.4 million in 1989. Jobs outside of manufacturing increased by 25.0 million to a total of 104.4 million in 1989.

On a composition basis, manufacturing jobs fell from 21.0 percent of U.S. total employment in 1979 to 15.7 percent in 1989. The drop in the manufacturing share of U.S. employment stands in sharp contrast to manufacturing production which grew slightly faster than total GNP between 1979 and 1989, increasing its share of GNP, as stated earlier, from 22.3 percent of GNP to 22.6 percent of GNP.

The explanation for declining share of U.S. employment in manufacturing in face of manufacturing's rising share of U.S. production is found in the strong labor productivity growth in the manufacturing sector. Manufacturing labor productivity rose some three times faster between 1979 and 1989 than the rate of labor productivity growth for the overall U.S. economy.

Successful industrialized countries have, like the United States, generally experienced stronger productivity growth in the manufacturing than in other sectors and declining shares of manufacturing in total employment. This pattern has supported the growth in real U.S. output on a per worker basis (average annual rate of 1.0 percent, 1979 to 1989) as well as a per capita basis (annual average rate of 1.7 percent[3]).

Trends in Exports

Export expansion has aided the growth of U.S. manufacturing output: Between 1979 and 1989, U.S. real non-agricultural exports (90 percent of which are manufactures) rose at an average annual compound rate of 4.6 percent (Chart 7) compared to a 2.5 percent growth rate in real gross domestic product (GDP)[4]. As a result, non-agricultural exports rose of from 5.1 percent of constant-dollar GNP in 1979 to 6.4 percent in 1989.

Although data for 1990 and 1991 are not currently available for real manufacturing output, they are available for real exports. In the last two years non-agricultural exports have increased by another 17 percent. The ratio of real non-agricultural exports to GDP ratio from 6.4 percent in 1989 to 7.5 percent in 1991. As for this year and beyond, practically all major forecasts of the U.S. economy expect that strong export growth to be a significant contributor to the U.S. manufacturing growth, as well as to overall U.S. GDP growth.

1.Data drawn from the World Bank's World Development Report of 1991

2. The most recently available data in the U.S. National Income and Product Accounts (NIPA) on constant dollar gross U.S. product by manufacturing industry appeared in the January and April 1991 issues of the Survey of Current Business. The data are reported on the basis of constant 1982 dollars through 1989, the most recent year for which these data are available. The Bureau of Economic Analysis (BEA) at the Commerce Department is in the process of revising and rebasing all NIPA tables to constant 1987 dollars. This has been done for many GNP/GDP components. The latest series for gross product by manufacturing industry, however, remains on the constant 1982 dollar base. A BEA spokesperson reports that gross product by manufacturing industry series, based on constant 1987 dollars and extended to calender year 1990 will be available in September or October of this year.

The selection of the years 1979 and 1989 as the basis of U.S.

domestic comparisons reflects the ten-year period indicated in the Member's question, as well as the absence of data availability beyond 1989. It should be noted, however, that 1979 and 1989, being years at or close to similar points in different business cycles (peaks in economic activity), are particularly appropriate points of comparison. The much stronger growth in manufacturing output reported in the World Bank comparison of 1980 to 1989 reflects in part the cyclical downturn for economic activity from 1979 to 1980.

3.Data on per worker and per capita U.S. output have been drawn are from the Office of Productivity and Technology, Bureau of Labor Statistics, U.S. Department of Labor.

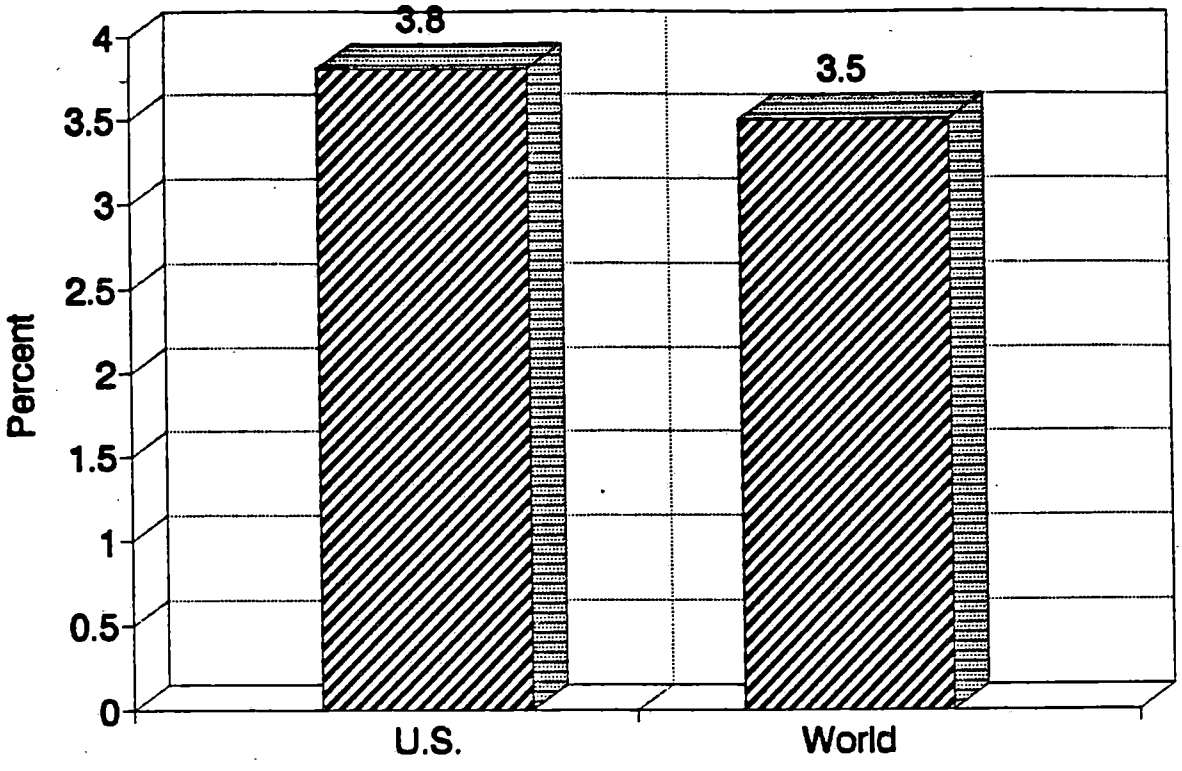
4. Because of significant changes to the NIPA-based export data when moving from a 1982 to a 1987 constant-dollar series, the export and GDP series reported here are on the new constant 1987 dollars basis. When gross product for manufacturing industry in 1987 constant dollars is released in October of this year, it will be possible to do a closer analyses of exports and the growth of manufacturing output than current data allow.

USTR/3/31/92

Annual Average Growth Rate
for Manufacturing Output:1980 to 1989

Source: World Bank (See Text)

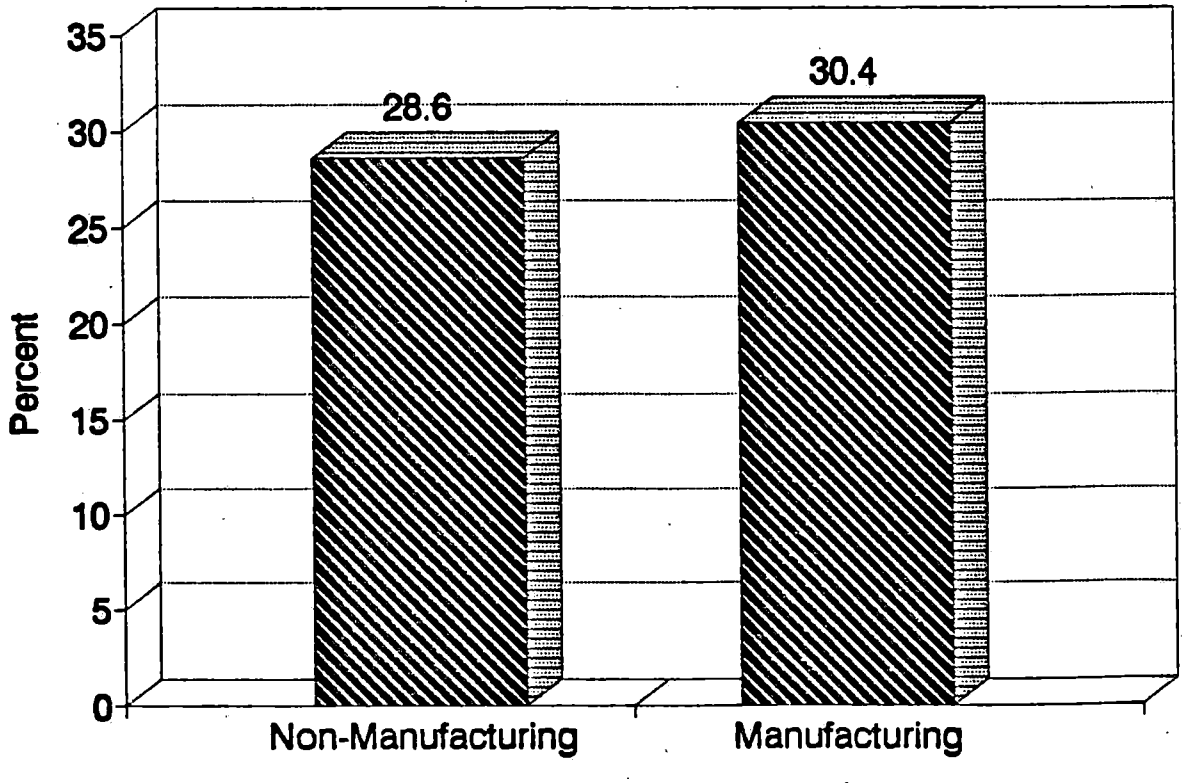
Chart 1



Growth of Real U.S. GNP
1979 to 1989

Source: See Text

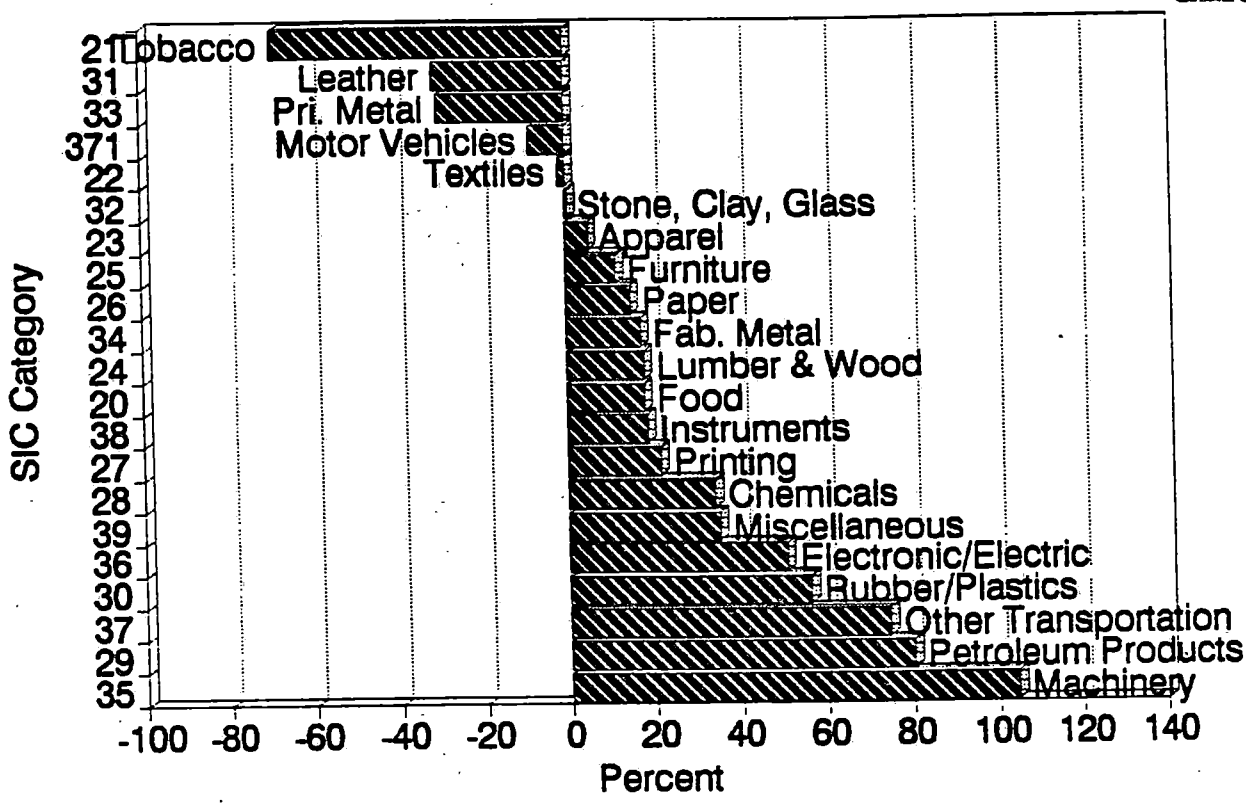
Chart 2



Growth of U.S. Manufactures
by SIC Category: 1979 to 1989

Source: See Text

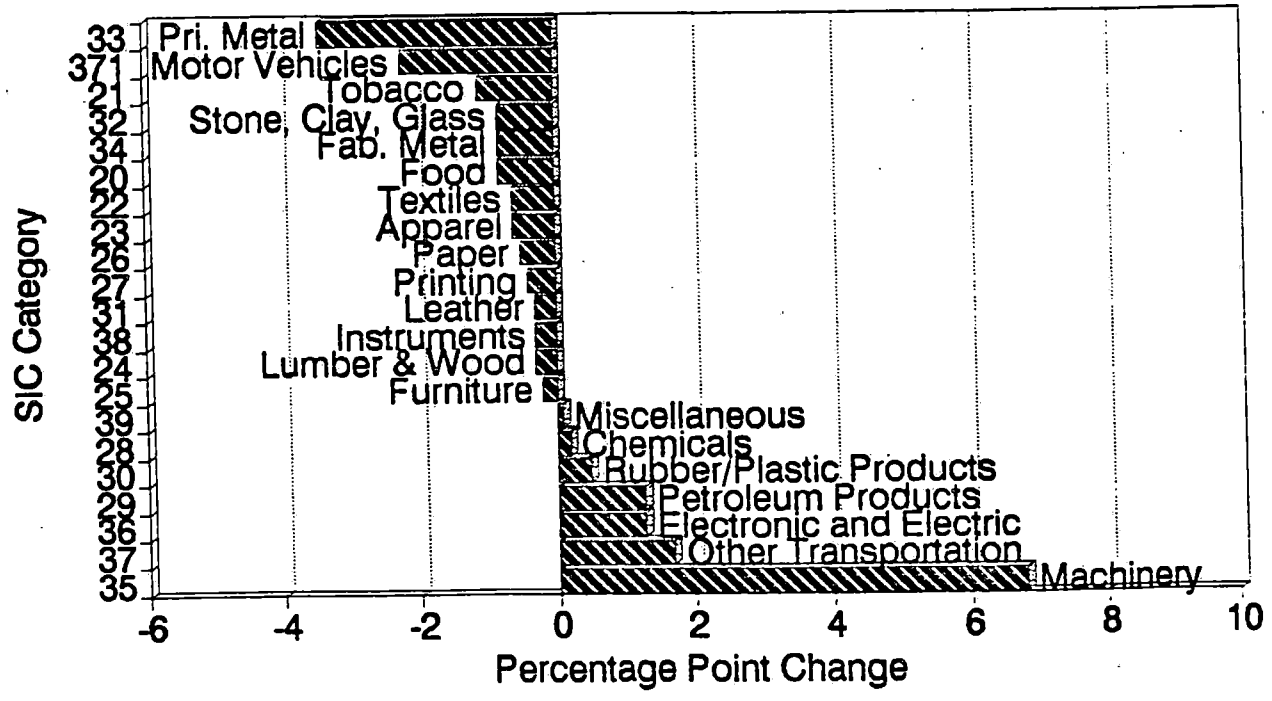
Chart 3



Change in Share of U.S. Manufacturing
Output 1979 to 1989: 21 SIC Categories

Source: See Text

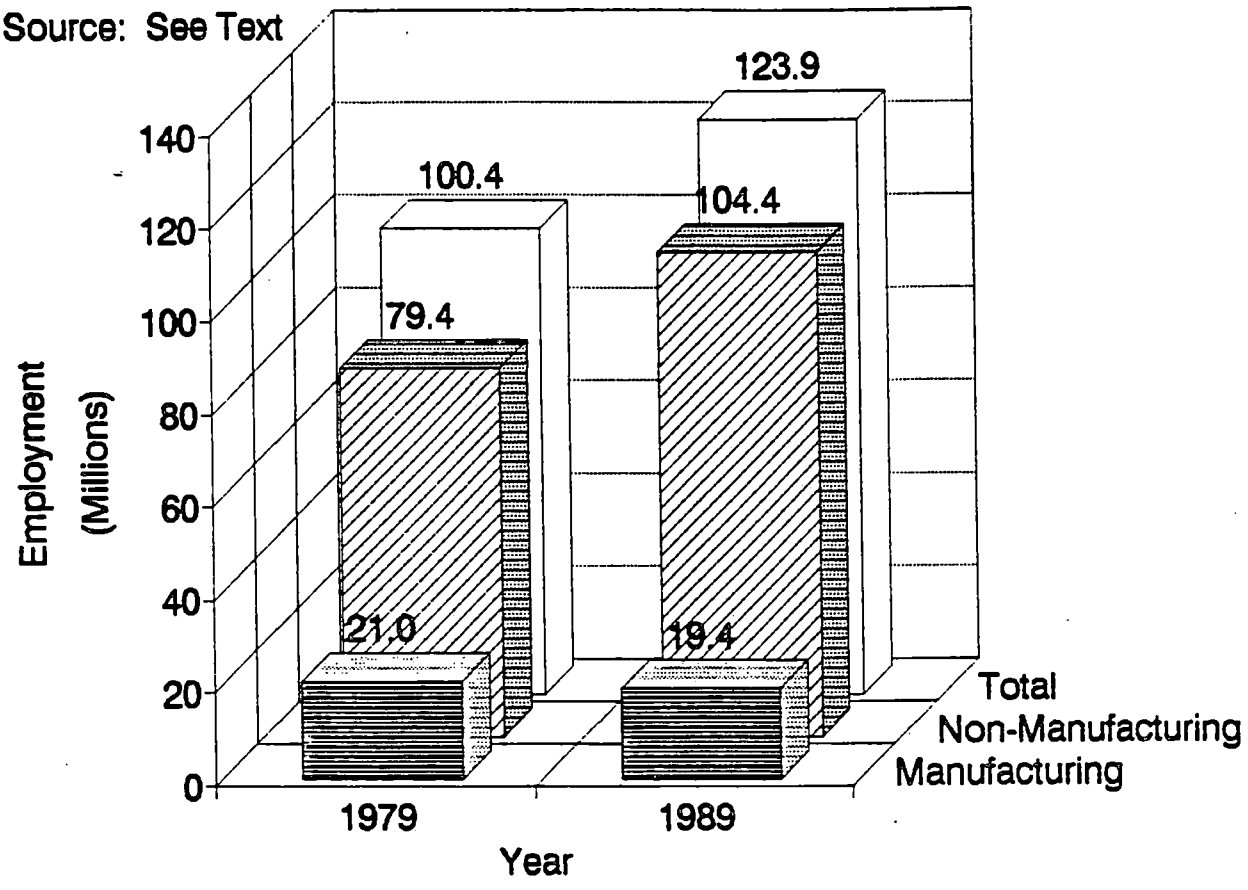
Chart 4



U.S. Employment

Chart 5

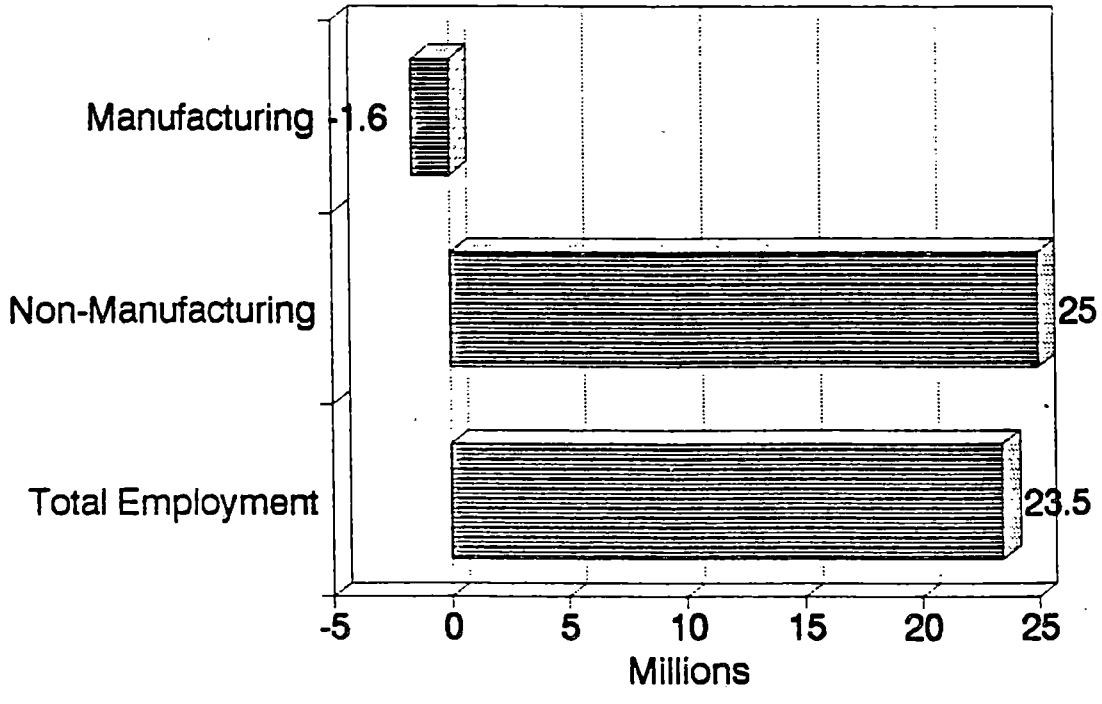
Source: See Text



Change in Employment
1979 to 1989

Source: See Text

Chart 6



Annual Average Change in GDP Components
Constant Dollar Basis: 1979-1989

Source: See Text

Chart 7

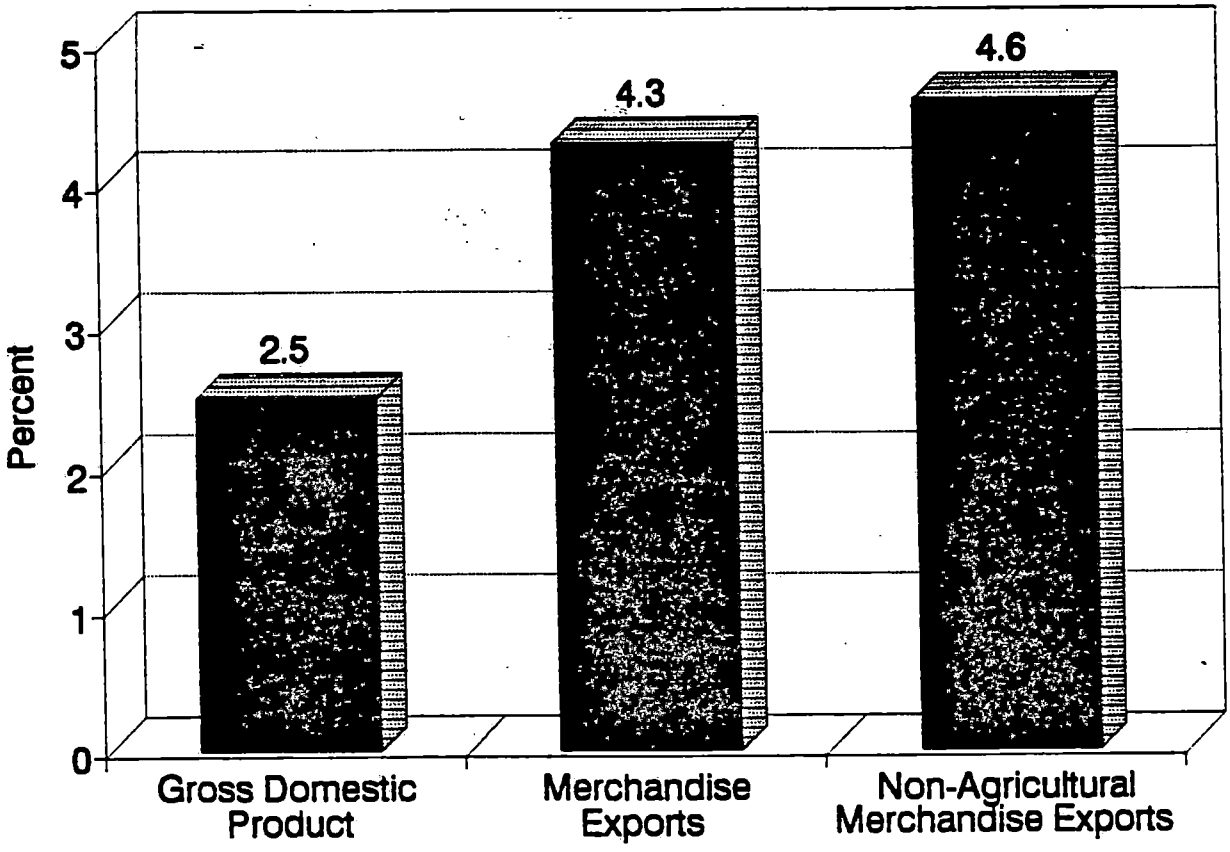


Table 1

	Percent Change 1979 to 1989	1989 ($Billions Constant 1982)	1979 ($Billions Constant 1982)
Gross National Product	29.0%	4,117.7	3,192.4
Non-Manufacturing	28.6	3,188.7	2,480.2
Manufacturing	30.4	929.0	712.2
Durable Manufactured Goods	34.8	583.7	433.1
Lumber and Wood Products	18.0	25.6	21.7
Furniture and Fixtures	11.9	12.2	10.9
Stone, Clay and Glass Products	0.4	23.6	23.5
Primary Metal Industries	- 30.0	36.9	52.7
Fabricated Metal Products	17.5	65.8	56.0
Machinery, except Electrical	104.3	174.9	85.6
Electric and Electronic Equipment	50.8	90.8	60.2
Motor Vehicles and Equipment	- 8.3	47.3	51.6
Other Transportation Equipment	79.2	63.8	36.5
Instruments and Related Products	18.8	26.6	22.4
Miscellaneous Manufacturing Industries	35.0	16.2	12.0
Nondurable Manufactured Goods	23.4	345.4	279.0
Food and Kindred Products	18.2	70.3	59.5
Tobacco Manufactures	- 68.7	3.1	9.9
Textile Mill Products	- 1.8	16.7	17.0
Apparel and other Textile Products	5.2	22.4	21.3
Paper and Allied Products	15.0	33.0	28.7
Printing and Publishing	21.6	45.1	37.1
Chemicals and Allied Products	34.2	76.1	56.7
Petroleum and Coal Products	80.3	44.9	24.9
Rubber and Miscellaneous Plastic Products	56.3	30.8	19.7
Leather and Leather Products	- 31.0	2.9	4.2

Table 2

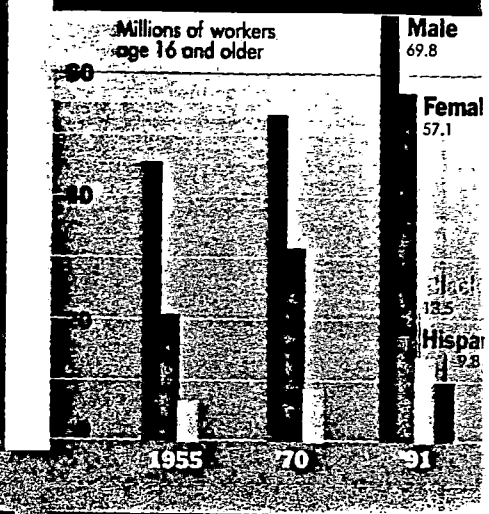
Industry Rank in 1989 (and Share of Total Production of Manufactures		Industry Rank in 1979 (and Share of Total Production of Manufactures
(100.0%)	ALL MANUFACTURING INDUSTRIES	(100.0%)
1. (18.8%)	Machinery, except Electrical	1. (12.0%)
2. (9.8%)	Electric and Electronic Equipment	2. (8.5%)
3. (8.2%)	Chemicals and Allied Products	4. (8.0%)
4. (7.6%)	Food and Kindred Products	3. (8.4%)
5. (7.1%)	Fabricated Metal Products	5. (7.9%)
6. (6.9%)	Transportation Equipment, except Motor Vehicles	9. (5.8%)
7. (5.1%)	Motor Vehicles and Equipment	7. (7.2%)
8. (4.9%)	Printing and Publishing	8. (5.2%)
9. (4.8%)	Petroleum and Coal Products	11. (3.5%)
10. (4.0%)	Primary Metal Industries	6. (7.4%)
11. (3.6%)	Paper and Allied Products	10. (4.0%)
12. (3.3%)	Rubber and Misc. Plastic Products	16. (2.8%)
13. (2.9%)	Instruments and Related Products	13. (3.1%)
14. (2.8%)	Lumber and Wood Products	14. (3.0%)
15. (2.5%)	Stone, Glass and Clay Products	12. (3.3%)
16. (2.4%)	Apparel and Other Textile Products	15. (3.0%)
17. (1.8%)	Textile Mill Products	17. (2.4%)
18. (1.7%)	Misc. Manufacturing Industries	18. (1.7%)
19. (1.3%)	Furniture and Fixtures	19. (1.5%)
20. (0.3%)	Tobacco Manufactures	20. (1.4%)
21. (0.3%)	Leather and Products	21. (0.6%)

THE ECONOMY

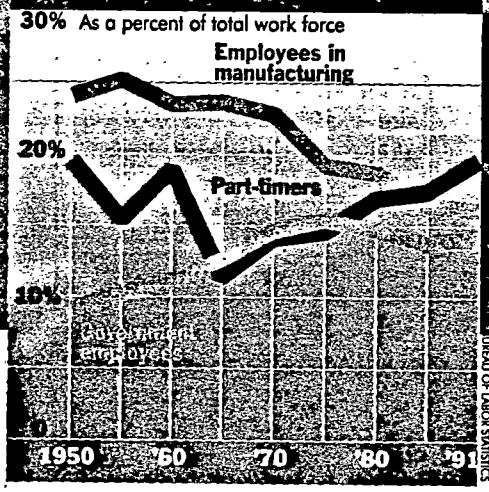
TODAY'S U.S. WORKER

Stacked up against their parents and their foreign counterparts, American workers—more schooled and putting in longer hours than ever—perform impressively. Their productivity, the industrial world's highest, is growing faster than Germany's and as fast as Japan's.

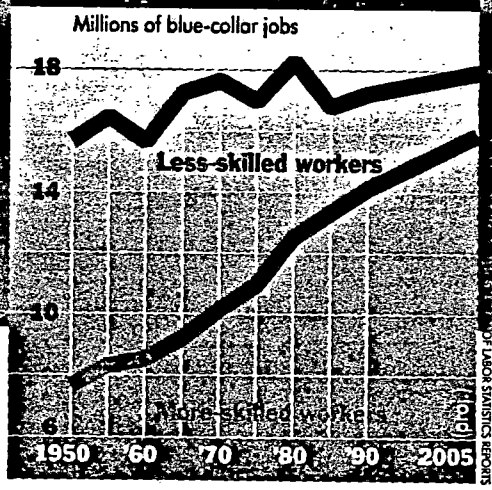
MORE FEMALE & MINORITY ...



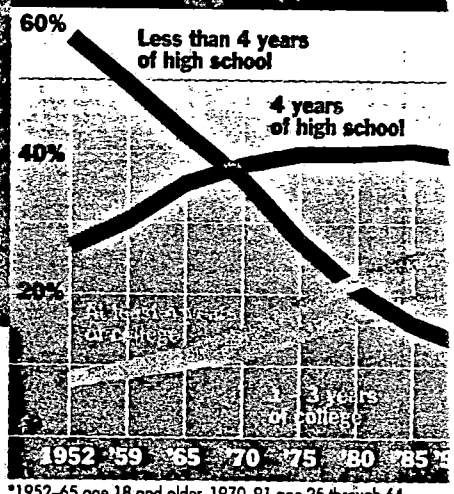
MORE SERVICE & PART TIME ...



MORE SKILLED ...

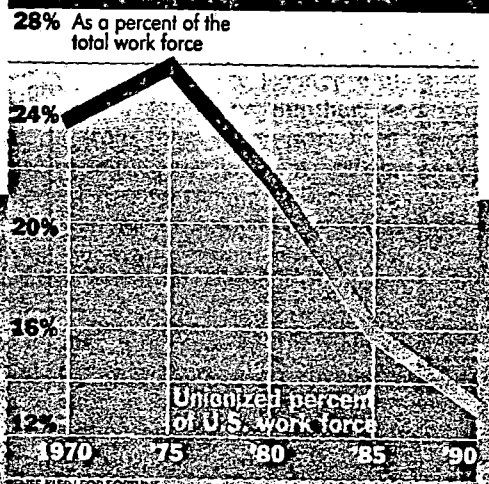


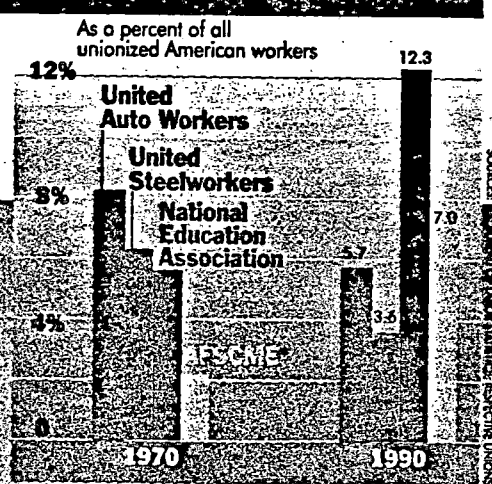
BETTER EDUCATED ...



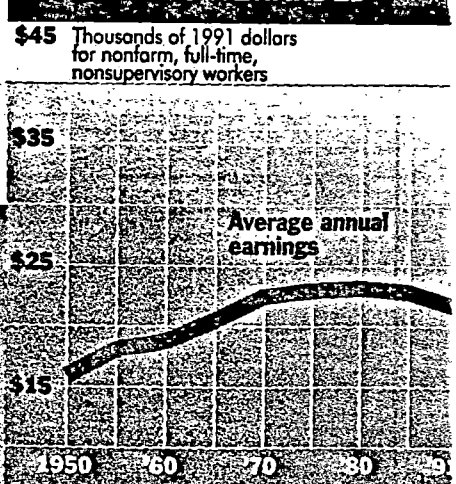
*1952–65 age 18 and older, 1970–91 age 25 through 64.

LESS UNIONIZED (ESPECIALLY IN FACTORIES) ...





...AND LESS REWARDED



RENEE KLEIN FOR FORTUNE

*American Federation of State, County, and Municipal Employees

HOW THEY COMPARE

Pay[1]
Hourly compensation costs for production workers in manufacturing; in 1990 dollars, using purchasing power parity exchange rates

U.S.: $14.77 Western Germany: $14.67
U.K.: $10.60 Japan: $9.22

Loyalty to the company[2]
Strongest employee identification with company values = 100

U.S.: 56 Japan: 85
Western Germany: 64 U.K.: 48

Service employment[3]
Including managers, administrators, and technical personnel

U.S.: 70.7% U.K.: 68.7%
Japan: 58.2% Western Germany: 56.1%

Home ownership rates[2]
Percent of all households

U.S.: 59% U.K.: 67%
Japan: 60% Western Germany: 40%

Sizes of homes[2]
Average, in square feet

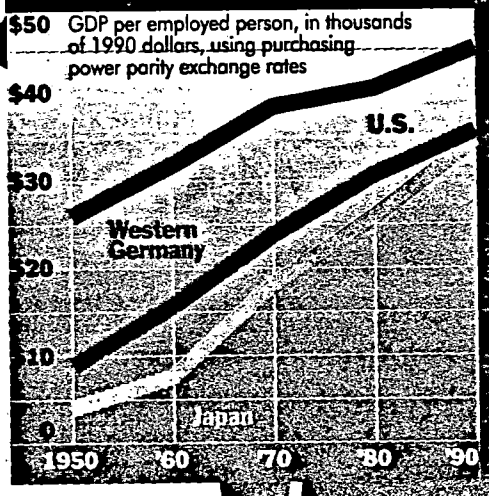
U.S.: 1,773 sq. ft. Sweden: 1,250 sq. ft.
U.K.: 1,050 sq. ft. Japan: 800 sq. ft.

Car ownership[4]
For 1990, passenger car registrations per capita; does not include light trucks

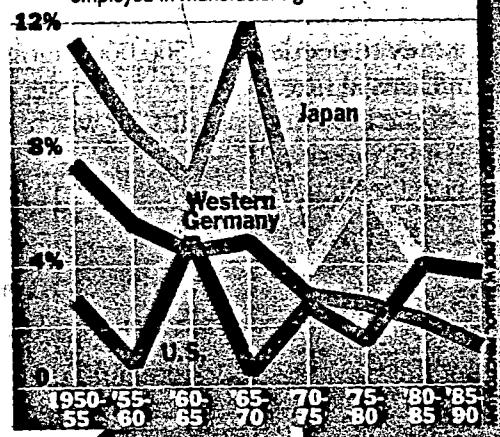
U.S.: 0.58 Western Germany: 0.48
U.K.: 0.41 Japan: 0.28

SOURCES: [1]U.S. BUREAU OF LABOR STATISTICS; [2]FROM RESEARCH IN WHERE WE STAND ©1992, BY MICHAEL WOLFF AND CO.; [3]FORTUNE CALCULATIONS BASED ON ILO DATA; [4]MOTOR VEHICLE MANUFACTURERS ASSOCIATION OF THE U.S.

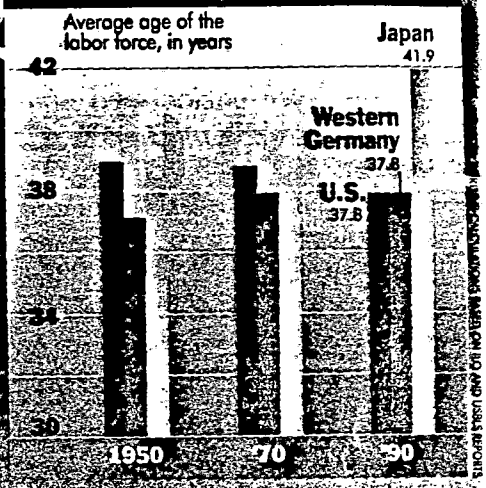
MORE PRODUCTIVE ...



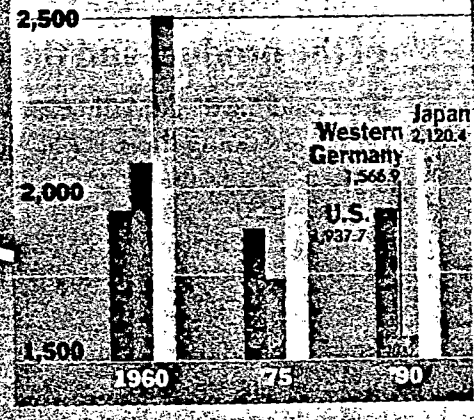
AND STAYING AHEAD ...



YOUNG ...

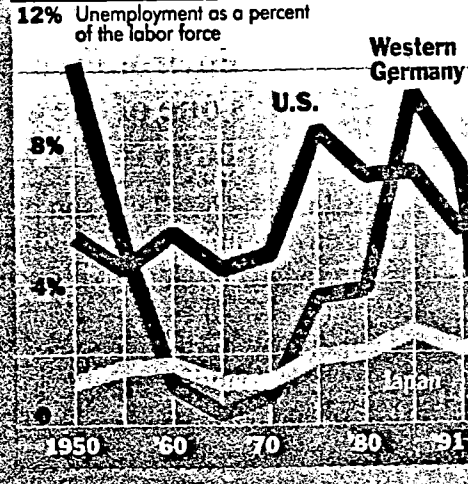


HARDWORKING ...



SOURCE: U.S. BUREAU OF LABOR STATISTICS

... AND LESS SECURE



continued

THE TRUTH ABOUT THE AMERICAN WORKER

The men and women who run the factories and staff the offices do surprisingly well in the global competitiveness race—but only when managers give them a chance. ■ *by Myron Magnet*

INSULTS HURT MOST when they pierce some secret region of fear and self-doubt. No wonder Americans winced when one of Japan's top politicians sneered earlier this year that U.S. workers are "too lazy" to compete and "cannot even read." For haven't Americans been fretting obsessively over just such anxieties for a decade? Haven't pundits tirelessly preached that failing schools with no standards are producing a shoddily educated generation, that a plague of selfishness and disaffection is undermining the national will? The Japanese politician's contempt brought all these simmering fears bubbling to the surface, explicitly confronting the American public for the first time with this stark question: Can it be that decadence and demoralization really have overtaken the American work force, that the American worker lacks both the knowledge and the character to make late-20th-century technology work its full magic under his or her hands?

If so, conventional competitiveness-raising steps such as investment in new plant and equipment can help only so far: A defective work force would cause the nation's power to erode as inexorably as Renaissance Spain's or Victorian England's. Indeed, warns one of the more hysterical prophets of "declinism," the fall is already under way. Is it not emblematic, he asks, that the many American prostitutes working in Tokyo—except for the blondest of them—no longer command a premium for their services, so utterly has the glamour of American power and specialness faded in the eyes of those who know best?

Well, hold the apocalypse, please. The real state of the American worker is very different from this lurid vision. Like everyone else in the new global economy, he or she is struggling to adjust to cataclysmically changed conditions, to a world in which American economic preeminence is no longer unchallenged. From the point of view of the economy as a whole, he is succeeding—so much so that real GDP per person, which grew at an average annual rate of 1.3% between 1979 and 1990, remains the highest in the industrial world, 25% higher than it is in Japan. The paradox is that even as the worker's success augments the national wealth, his own reward hasn't kept pace. As another consequence of the new world economic order, his average real wages have stagnated, even declined.

Yet the same formidable global competition is forcing American companies to change in ways that will strengthen the American worker's pride and earning power. Manufacturers especially—which have felt the brunt of the challenge—have turned themselves inside out over the past decade or two to meet it. One radical step many have taken is changing the organization of work to tap more of the worker's faculties than just his hands.

When called upon, workers have measured up. What happens now depends less on them than on their bosses. It depends on company chiefs giving them the training needed to master the technologies of today and tomorrow—and the latitude to use their intelligence fully on the job. More than ever, as Lord White, CEO of Hanson



DARLENE FIORILLO, 34
Assembler, General Motors
Pontiac, Michigan

"I put them trucks together better than anybody you know."

GARY HARDWICK, 37
Mill Adjuster, Nucor
Crawfordsville, Indiana

"Hopefully, I'll be a supervisor. Everyone here is goal-oriented."



PHOTOGRAPHS BY GREGORY HEISLER



STEVE MAGISTAD, 28
Client Service Representative, IDS Minneapolis

"My company gives me the chance to go in any number of directions."

PLC's U.S. operations, says, "The men can only be as good as their leaders."

Where does the American worker stand right now? The one luminous measure of how good workers really are is productivity—output of goods and services per person employed—and here the American worker is unequivocally No. 1 among the industrial powers, his overall productivity 30% higher than his Japanese counterpart's and his manufacturing productivity 28% higher. Much rubbish has been written claiming that Japan and the major European nations have surpassed the U.S. in absolute levels of productivity. These claims rest on unadjusted numbers, as misleading as trying to gauge income growth over the years without correcting for inflation.

Exchange rates gyrate wildly, so it is meaningless to make productivity comparisons by taking the yen value of Japan's total output of goods and services, say, and converting it to dollars at current exchange rates. International comparisons make sense only in terms of "purchasing power parity" exchange rates, which peg currencies to their ability to buy a constant basket of goods and services.

Calculated in that way, the U.S. worker's productivity in a wide array of industries looks surprisingly healthy. Everyone knows about the inefficiency of the cosseted Japanese farmer, 52% less productive than the cosseted American farmer. But according to the computations of Harvard economist Dale Jorgenson and his Japanese collaborator, Masahiro Kuroda, Japanese productivity trails that of America by a still wider margin in rubber and plastics, construction, finance, insurance, and real estate. It also lags significantly behind in machinery manufacturing and metal fabricating.

Even productivity in the American automotive industry, Jorgenson calculates, is neck and neck with its Japanese counterpart. However efficient the big Japanese car companies, he points out, they are mostly assembly operations, manufacturing many fewer component parts than the big U.S. automakers. Adding in the less efficient parts suppliers, the industry's productivity is not quite so stellar. Concludes Jorgenson: "The Japanese work force is very high quality, but not as good as ours, measured in terms of the quality of the worker per standardized hour."

THE DECLINISTS are right in saying that American productivity growth dropped off a cliff in the mid-Seventies. But *all* industrialized nations experienced an analogous drop—perhaps due, economists speculate, to the developed world's need to use mountains of capital to adjust to extortionate oil prices.

It's true, too, that productivity expanded more slowly in the U.S. than in other industrial nations for much of the post–World War II era. Since this discrepancy was greatest in the American economy's glorious heyday of the Fifties and Sixties, however, it is scarcely symptomatic of a decline in America or its work force. To the contrary, it was a byproduct of American economic leadership. With undamaged factories and a hoard of technology developed during World War II, the U.S. entered the postwar era with productivity levels four, even five times higher than the ravaged European and Japanese economies, their factories in ruins. Rocketing growth in those nations was a measure of how far they had to come to approach normality. That's why, says economist William Baumol, the industrial countries furthest behind, especially last-ranked Japan, could rebound the fastest. Always playing catch-up, foreign nations could also lift manufacturing productivity by snatching technology the U.S. had already developed.

By the mid-Sixties, as other industrialized countries drew closer to American productivity levels, their gains slowed. In the late Seventies, the German growth rate for manufacturing fell below the American and is still falling. The Japanese rate since 1980 has been virtually identical to the American. International comparisons for services are hazy at best, but in that sector the restructuring that has caused U.S. manufacturing productivity to

REPORTER ASSOCIATE *Andrew Erdman*

grow at well over 3.5% a year since 1985 has only just begun.

Why, then, do things seem worse than they are? America's expectations about rising prosperity were formed during the exhilarating postwar era of unchallenged U.S. economic dominance. For an entire, unrepeatable generation after World War II, U.S. corporations lacked foreign competitors at home and dominated markets abroad. They could sell products as fast as they could make them. To prevent well-organized union workers from shutting down such profitable high-volume production, they kept wages rising, passing along higher costs to seemingly insatiable customers. But when foreign competitors took to the field in strength and made cost a key issue—especially the cost of labor, four times higher for manufacturing in the U.S. than in Japan in 1970 and 17% higher in 1990—American workers' wages slowed and then stopped rising.

The shock waves in manufacturing—the givebacks and two-tier wage scales of the past decade, the decline of union strength, the drop in manufacturing from a quarter to around 16% of total U.S. employment—spread into the service sector too. Other domestic employers of relatively low-skilled labor no longer had to compete with high-paying factories to attract workers.

THE RESULT was that the real wage of the median 25- to 34-year-old male worker, which had surged around 30% in the Fifties and again in the Sixties, grew a mere 1.5% in the Seventies and *fell* 11% in the Eighties. The drop was confined to the less educated: High school graduates' earnings fell almost 15%, while workers with college degrees pocketed increases of more than 7%. For women in that age group, lower skills also meant low pay. Their median wage rose 6.4% in the Eighties, increasing from a mere two-thirds of the median for 25- to 34-year-old men in 1979 to four-fifths in 1989. But almost all the increase went to college grads, whose wages grew 12.3%. Their high school sisters got only a 1.6% gain.

By contrast to the shrinking pay envelopes of young male workers, the median wage of 45- to 54-year-old working men rose 4% in the Eighties—a meager gain, but still a gain. They were old enough to have found unionized manufacturing jobs when they were still available and to keep them because of seniority.

The opposite of lazy, Americans responded to this wage slowdown by working more. They flooded into the labor force, so that today more Americans work for pay than ever—66.3% of the population in 1991, as opposed to not quite 60% in 1950, including resident military forces. Women account for much of the surge: Some 57% worked in 1991, compared with around a third in 1950. By contrast, almost 63% of all Japanese work, and 49% of Japanese women. For Germany the percentage of workers is lower still: 55% of the total population, and only 43% of women.

Not only do more Americans work, they also toil longer hours. Today's 1,890-hour average U.S. work year for all people who hold jobs, though perhaps skewed slightly by the small percentage of yuppies and entrepreneurs who work 100-hour weeks, is 15% higher than 1950's, according to the authors of *Where We Stand*, a soon-to-be-released study of global wealth. Instead of being the shortest among the industrial nations, as in 1950, it is second only to Japan's 2,173 hours and way ahead of last-ranked western Germany's 1,668-hour working year. Those unruffled Germans luxuriate in an average 30 paid vacation days a year; the American worker makes do with a frugal dozen. Here again the Japanese top the scale in industriousness: They get 15.5 vacation days, on average, but they *take* only 8.2.

By toiling more, American workers kept their standard of living the world's highest, and not only by the usual measure of real GDP per person. Americans own one car

CALVIN THOMAS, 35
Assembler, Honda of America
East Liberty, Ohio

"You give us an opportunity to have a say-so, and we can do a good job."



for every 1.73 people, for example, compared with one for every two people in Germany and every 3.5 in car-exporting Japan. True, 60% of Japanese households own their own home, topping the 59% of U.S. households who do. But the average Japanese home costs 8.6 times an average annual income, compared with three times in America, and whether owned or rented the U.S. house averages 1,773 square feet, more than twice the proverbially cramped Japanese home. Perhaps most remarkable, only three out of five of those costly Japanese homes boast a flush toilet (most others use simple commodes with holding tanks), while but one in five comes with central heating.

Besides laboring more, American workers have spent more years in school than ever before. More than half the 1952 work force never made it through high school; last year only 13% hadn't graduated. Over a quarter of today's American work force has a college degree, up from 7.9% in 1952, and an additional 21.3% of American workers today have one to three years of college. Comparable figures for the Japanese work force aren't available, but only 10.7% of all Japanese adults (nonworkers as well as workers) are college grads, half the proportion of American adults. In both countries around two adults in five have only a high school diploma.

Trouble is, all this progress isn't enough in the new economic order. A high school education usually won't get a young American one of the relatively high-paying technician or information-worker jobs that the service sector has been creating at a high rate for the last decade and will go on creating into the new century. And though statistics suggest that today's high school student who doesn't go on to college is as literate and numerate as a similar 1950s student, Fifties skills are inadequate to Nineties needs and uncompetitive with the products of foreign school systems.

The character of what workers need to know has changed too. Says Kiichi Mochizuki, a former Japanese steel executive who heads the Pacific Institute, a New York City research group: "These days, with computerized factories and digitally controlled machines, mathematics are very important for factory operations. When you talk about skill—the word 'skill' is wrong: It implies manual dexterity to carve the wood or hit something with a hammer. Now skill is mental rather than manual."



LARRY KERRIGAN, 31
Pipefitter, Phelps Dodge Morenci, Arizona

"My wages aren't really keeping pace. I don't feel like I'm getting ahead."

How will today's workers master statistical process control, or the careful measurement and self-inspection needed for flexible manufacturing's frequent tool changes, if they don't have basic math and reading skills? Corporate executives increasingly are pressuring educators to ensure this basic competence. But they need to take the next step and ask for high school transcripts when hiring, to pressure students to cooperate with teachers and take these matters seriously.

What are managers to do in the meantime with the more than 80% of the work force of the year 2000 already out of school and on the job? It turns out that the requisite skills are neither hard for workers to learn nor prohibitively expensive for companies to teach. Akron-based private investor David Brennan has discovered this in four of the 17 manufacturing companies he owns with two partners. He found that 30% of his workers read below the fifth-grade level, and two-thirds were below that level in math. So Brennan installed computer teaching systems in factories making such things as brakes and stampings. These personal computers use Wicat Systems educational software to teach vocabulary, reading, and math in a jazzy, colorful, animated-cartoon format at the learner's own pace. Brennan invited his employees—and required deficient ones—to use them. He calculates it will take three years, at two hours a week of company time, to get workers up to the eighth-grade competency he thinks necessary to boost efficiency.

Since the machines arrived, he says, workers are filled with newfound confidence, and employee turnover has fallen sharply. Brennan predicts that in three years the program will raise productivity at the four plants 50%. The cost? Says Brennan: "In a 500-person plant, in five years I will invest $3 million for the equipment, the facilitators, and the company time the workers spend learning. I wouldn't hesitate to spend the same amount on a machine that five years from now is going to be increasing my productivity by $1 million a year."

CRUCIAL as higher skills are, management is the decisive variable in determining how good a given set of workers will be. As the world economy's tectonic plates shift, ways of organizing and managing work no longer differ from one another by nuances but by light years. Traveling from company to company today, it's easy to feel like Gulliver going from the academy of zany scientists at Lagado to the rational land of the Houyhnhnms, so much does each company feel like a world in itself, structured by distinct principles that determine the character and quality of life and work there. Alter that structure and, presto, the form of life changes too.

Today hierarchical systems designed to

continued

control workers and break down production into its smallest component tasks are obsolete. They are steadily giving way to looser, more decentralized arrangements that give workers more autonomy and responsibility in the hope of enlisting their pride, judgment, and creativity. The aim: to get them to think constantly about how the job they know best could be done better; to have them be flexible, so they can do more than one part of the process, when needed; and to care about the quality of the job they do. For unlike efficiency, which can be quantified by productivity, quality is hard to measure. And since quality is both crucial to competitiveness and an attribute that resides in every part of the process, it must be put in by every producer, not sprinkled on later.

Look through workers' eyes and see how deeply the way they are managed affects their sense of whether they can do their best. Take the miners at Phelps Dodge's Morenci copper mine, a Brobdingnagian open pit punctuating an arid Arizona moonscape. In 1983 the mine was convulsed by a bitter strike. It ended by management's breaking the unions, part of the pushing back of unionism that is a key trend in current labor relations. That was truly a watershed. In the past decade Morenci's annual productivity has ballooned from 100,000 pounds of copper per employee to more than 300,000. In the same period, accidents declined from 14 per million employee hours to fewer than two, evidence not of more pressured but of smarter work.

THAT'S HOW the workers see it. Under the old union dispensation—typical of its sort—workers were isolated units, cut off from one another, and as cut off from their supervisors as if they were in solitary confinement. All that has changed. Says mechanic Frank Reyes, 48: "It's a lot better now. We're allowed to speak our own opinion more liberal. We used to have to go through the union. We were told whether to, or not to, speak. It wasn't based on its being the right thing." Adds pipefitter Larry Kerrigan: "I can go up to my general foreman and talk to him. I can get more across that way than going through, like, an interpreter." Kerrigan has suggested changes in work and safety conditions that ultimately were adopted.

Now too, Kerrigan is part of a flexible team rather than a cog in an ironbound machine. Says he: "It's more like 'workers together' instead of 'the union says this is my job, and I can't do nothing else.' You can kind of cross-train in different areas. I've worked with pump repair when I was needed and there really wasn't all that much work in the pipe shop that day. It's interesting." And efficient.

"It's more 'workers together,' instead of 'this is my job and I can't do nothing else.' "

Service companies as well are embracing what might be called management by empowerment. In a job as routine as manning the "help line" at IDS Financial Services in Minneapolis, Stephen Magistad (the man on FORTUNE's cover) feels he's going somewhere as he fields calls from salesmen about forms and procedures for selling mutual funds or from clients calling about such things as getting their fund earnings paid out monthly. Says college grad Magistad: "In another company this would be a dead-end job. But it got me into a good company with a history of being very creative in how it uses the human resource."

His managers, he says, continually ask how they can help, how his working conditions can be made better: "You feel like you're empowered, that what you say has merit for those who manage you." More important is the training the company offers. "They really try to develop you," says Magistad. As a result, opportunity abounds: "It's almost a matter of how high I want to go." His goal is to be a manager in IDS's communications department, and many of his highly motivated help-line colleagues also believe they can climb high into the managerial ranks.

"These people calling the shots are not experiencing what needs to take place on the floor."

Conversations with two groups of auto workers, earnest and articulate but otherwise as opposite as the masks of comedy and tragedy, dramatize how radically the old organization of work and the new differ in giving people the power to do their best. Mutinously angry, seven General Motors assemblers at the Local 594 union hall in Pontiac, Michigan, explained why they thought the whole system at the three plants where they worked hindered them from making the best trucks and four-wheel-drive vehicles they could. The organization they describe, like a relic of a bygone age, sounds like the kind that called unions into being in the first place, matching rigidity and confrontation with rigidity and confrontation. (For the latest developments at GM, see Managing.)

THESE WORKERS—in their 30s, with 15 or so years' seniority—feel that in the eyes of management they don't even have identities. Says Mark McKinney, 32: "To General Motors you're a number. You're number 7795. This department needs a body, that department needs a body; they send the short person up to the horse-collar line where everything is way up here, and they'll take some long tall person and stick him down on the frame line or in the pit. And then they get hurt."

Is management interested in hearing their views on how to do the job? Says Darlene Fiorillo (the woman on FORTUNE's cover): "Down on the floor, you can see the operation, and you know how it's supposed to be done. Up there, upper management's saying, 'Nah, nah, we can do it cheaper and more efficient if we do it our way.' So these people up there that are calling all the shots are not experiencing what really needs to take place on the floor. And they don't really care, because they're thinking, 'Short-term dollars and cents, it looks real good,' and we're here down on the floor thinking, 'Long term, it's our job.' Plus we want to give a person exactly what they bought: a perfect vehicle for the price. Any auto worker would tell you that."

What would these workers tell management, if asked? Says McKinney: "I'll tell you what they should do. They should not concentrate so much on the quantity—and let us work on the quality. They're so concerned with trying to squeeze another four or five seconds of work out of us that they have forgotten to fill in the little holes on the quality." Not, all hasten to add, that the quality is bad. But it could be better. Says Jim Hall: "If you notice something wrong with the job, you say, 'Hey man, check this out.' A supervisor looks at it, calls the superintendent, and

continued

the superintendent says, 'Hey, we ain't got no time. Run 'em. We'll just try to do the best we can in repair.' Now how much [defective] stuff is getting out the door? And you know who gets blamed for it. We do. It makes me mad."

Fiorillo and McKinney are enrolled in a company-funded program to get their high school diplomas to be ready to face a non-GM future, if necessary. Says Fiorillo: "I'm the fourth—and last—generation of my family to work here." Adds Gene Caverly, 38: "There's no way your children can even dream of getting a job with General Motors. It'll just get smaller and smaller and smaller."

Sit down with a comparable group of American assembly-line workers at Honda's gleaming, 21st-century plant in East Liberty, Ohio, where automated buggies beeping like R2D2 bustle parts to the line, and you feel as if you're talking to workers who've truly lost their chains, as content and optimistic as their GM counterparts are resentful and demoralized. Even though they are all dressed in identical ice-cream-man company uniforms, these "production associates," as Honda calls its workers, feel anything but pawns of remote managers. Says Soni Tron: "There's not any idea you can have that people are not willing to listen to at any level. They want to help you develop it, and they'll go to any length to help you in any way they can."

NOR IS IT HARD to convey those ideas upward. Workers and management eat in the same cafeteria at the same long tables, in contrast to typical Detroit practice where management mainly dines with itself. Tron once plopped down in the seat next to the head of Honda's American manufacturing operation to give him a piece of her mind: She'd been working on trying to get an employee assistance plan started for two years and felt that no one had considered it seriously. The president listened; the plan was established. As for the only slightly less august plant manager, Ed Buker, says Sandy Johnson, workers don't hesitate to pick up the phone and call him. "If you've got trouble," she says, "all you have to do is say, 'Hey Ed, we've gotta meet with you.' He'll say, 'No problem.' "

Why is Honda management so quick to listen? Mark Russell, 31, a paint shop worker, explains: "Honda's thing is, the guy on the line is the gut professional on his job, and he knows what is best for that process at that time. He knows best how to make it better." Adds assembler Calvin Thomas: "You give us an opportunity to have a say-so, and we can do a good job."

"Depending on how a person's treated and how he's trained, anybody can achieve."

Beyond mere listening, Honda management often turns significant decisions over to workers. Says Tom Spangler, 32, from bumper painting: "When we make a production change, we redesign the way our department is laid out ourselves. We don't have a separate company come in and say, 'We're going to be doing a new style of bumper; we've got to modify the equipment.' We work some overtime, and we do it. This way we know how everything's put together and works in our department. You're not just another machine doing your job."

All this makes workers more than workers. Says Soni Tron: "We may not be classified as management, but many of us are doing management-type jobs. They're letting us see what we can do with our abilities, and helping us, and then promoting us accordingly." The help is a vast array of free classes, some of them required, in everything from problem solving to the corporate culture to the technical details needed for most jobs in the plant. Says Sandy Johnson: "All you have to do is go over and say, 'I'm interested.' They'll let you do anything. You can just go as far as you want." Almost all of the eight workers sitting around the table with FORTUNE had taken some of the voluntary classes.

How far can they go? "That'll be my choice," says Sherri Miller, from Vehicle Quality. "It depends on which department I want to work for, and what motivates me." All at the table nodded in vigorous assent, mentioning co-workers who'd become supervisors and sometimes senior managers. Even seemingly unpromising co-workers have shaped up and moved up at Honda, says Mark Russell: "Depending on how that person's treated and how he's trained, anybody can achieve."

At Nucor you can see a new labor elite in action—an elite that is a pure meritocracy, not the old privileged class based on union power in oligopolistic industries. Nucor goes about as far as you can go in letting workers manage themselves, and with its self-managed teams it has achieved steelmaking breakthroughs competitors believed impossible. Its organizational principle most resembles one of those commando caper movies, where handpicked, spunky men, forged by grueling training into a confraternity, venture out to do a daring undertaking under a leader who is more quarterback than boss.

SUCH ANYWAY is the fanciful image that comes to mind when you listen to Nucor's workers tell about their corporate history and culture. Some 3,000 people turned up in 1988 to apply for jobs at Nucor's planned mill in Crawfordsville, Indiana. They were winnowed to 400 in several hiring stages by an arduous battery of interviews and tests that left the chosen feeling chosen indeed (though mill manager Keith Busse says a third to a half of the applicants could have done the job). Says arc furnace operator Michael Grundy, 35: "We're one notch above everybody else who works around here, in common sense and in thinking on our feet." The first hundred hired built the mill with their own hands, alongside the contractors, giving them a feeling of proprietorship and mastery. Says lead mill adjuster Gary Hardwick, 37, gesturing at the complex machinery through which a glowing red ribbon of semisolid steel glides: "I helped unload all this stuff. I remember what it all looked like when it was still sitting in the crate."

"We weren't familiar with the steel industry, so we didn't know what couldn't be done."

After some 150 key workers returned to Crawfordsville from specialized training in Germany, California, and Utah, the 400 started up the first mini-mill to try to cast sheet steel, supposedly impossible. Says Hardwick: "We weren't familiar with the steel industry, so we didn't know what couldn't be done." It took ingenuity to iron out the glitches in the first few months; when the mill finally did run smoothly, Nucor's people acquired an extra dollop of the macho swagger that

hot-metal men have. "I was here when we ran the first bar through," says Hardwick. "That's kind of exciting, knowing you're the first guy in the world to run a thin slab through a four-mill rolling stand."

Everyone on each of the mill's five- to ten-man teams knows most jobs the team handles. Says Hardwick: "When the next guy has problems, you understand what he's going through. With such small teams, it's more like a brother. Everybody's looking at his fellow teammate to make sure he's safe." As for the team supervisor, says Hardwick, "he's more like a co-worker than a boss. We look to him for the big decisions, like downtime to correct a quality problem. That's why he gets paid more. But otherwise he's a member of the team."

Each worker is also looking at his teammates to make sure they're performing, since all get identical bonuses—which can amount to 150% of base pay—determined by the group's performance. Mike Grundy's group earned $50,000 to $59,000 each last year, working four days of 12-hour shifts, alternating with four days off, the equivalent of a 42-hour week. Says Grundy: "When I get paid, I get paid damn well."

DURING the industrial revolution, one of the gravest objections to industrial capitalism was that the division of labor, its key principle, also divided men and turned people into nothing but their hands. It stunted individuals, stifling their most human faculties of heart and brain and making them animated machines, shaking with the same repetitive movement for ten or 12 hours a day as if from palsy.

The economic transformation now under way in the United States undeniably imposes disappointment and often hardship on many for whom high-paying, low-skill jobs will not be found. But it it has a larger, deeply moving consequence for the American worker. Says Garry Berryman, who runs Honda's training center in Ohio: "An organization, with all its greatest muscle—machinery, equipment, money, facilities—can't do anything unless it's got a brain. The brain is the people." No Gilded Age mill owner, and scarcely any 1950s corporate chieftain, would have understood that statement. That so many companies today have taken that principle to heart, calling upon all the workers' abilities and genuinely democratizing organizations to do so—surely that, in the profoundest sense, is progress. F

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Ideas & Trends



Cars and VCR's Aren't Necessarily The First Domino

By SYLVIA NASAR

MUST commerce among nations always be a dog eat dog fight for absolute advantage? Economic Darwinians fear that America's loss of leadership in a few key industries is the beginning of an irreversible decline in competitiveness. A more sanguine school, which holds that industrialized economies will ultimately converge, maintains that Japan and Germany will catch up with the United States, but not surpass it.

As it turns out, reality isn't unfolding quite according to either script, some economists say. While the level of output per employee in Japan and Germany and the United States has converged since the 1950's, productivity in individual industries has begun to diverge.

Instead of catching up across the board, countries seem to be specializing in the things they do best. While Japan and Germany have surged ahead in some industries, the United States has widened its lead in others and stayed ahead, if by a narrower margin, in still others.

"If you lose one industry, there's no sign you'll lose them all," said Edward N. Wolff, an economist at New York University. "Just because Japan has taken over consumer electronics does not mean that Japan will triumph in mainframe computers or medical instruments."

A book by Professor Wolff and David Dollar, a colleague at the World Bank, called "Competitiveness, Convergence and International Specialization," will be published by M.I.T. Press this fall.

That pattern of specialization, which started to emerge after the early 1970's, said Dale W. Jorgenson, an economist at Harvard University, suggests that the United States still stands to gain from expanded world trade, but that it continues to face the possibility that trade conflicts will develop too.

"We can take some of their markets and they can take ours," said Professor Jorgenson. "So we will have to stamp out little moves toward protectionism and make sure our trading partners do too."

Productivity is a handy measure of an industry's competitive muscle. Industries with high levels of labor productivity tend to export a lot. "If you're the most efficient country in the world in making planes, you tend to dominate world aircraft trade," Professor Wolff said. "High productivity reflects how much investment you've poured into an industry as well as how sophisticated the technology you have."

'First Among Equals'

For 25 years after World War II, the overall level of productivity among industrialized countries did converge. Productivity grew faster in Germany and Japan than in the United States during the 1950's, 1960's and early 1970's. "The U.S. was once the dominant economy," said Professor Wolff. "Now it's the first among equals."

Using output per worker as a yardstick for productivity, the United States is about 45 percent more efficient than either Germany or Japan, which are roughly equal.

Of course, using that measure instead of output per hour understates Germany's efficiency and overstates Japan's because German workers put in fewer hours on the job than Americans while their Japanese counterparts put in more.

"Many parts of Japanese businesses operate below United States standards," said Mr. Jorgenson. "Japan has world class factories in many industries, but getting things to and out of the factory is incredibly inefficient." Wholesaling, retailing and company departments like transportation and billing use methods that in the United States are considered archaic, he said. "The best example is Narita Airport — logistic ing, it's Idlewild 30 years

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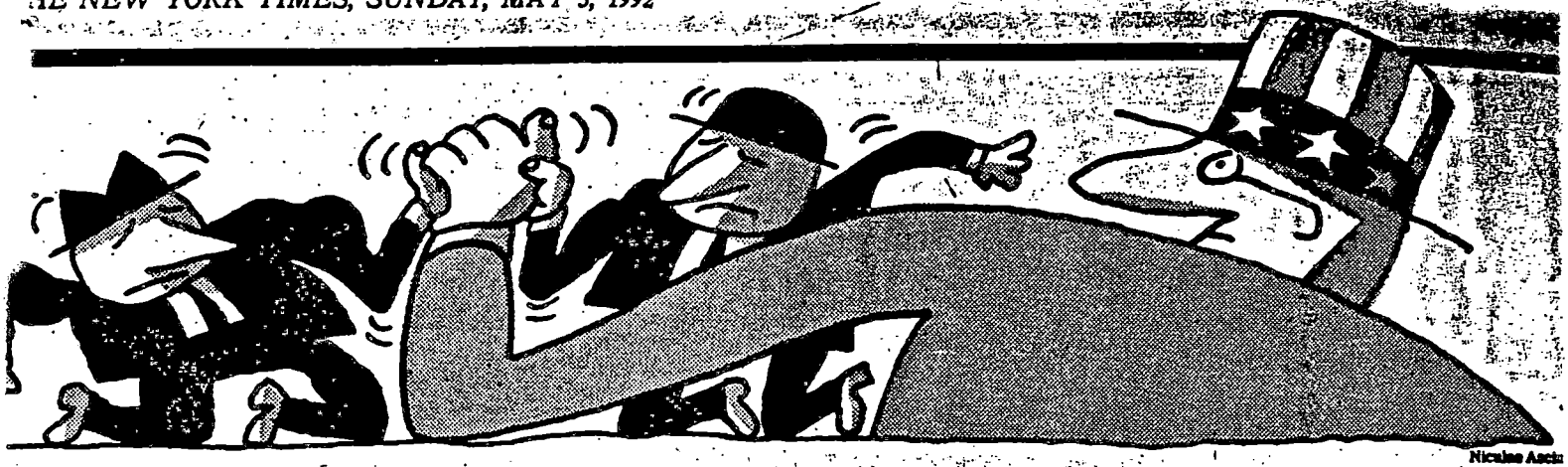
The fact that Japan was catching up in overall pr was masked, said Profess

Who's the Most Efficient Produce

Productivity of each country, measured in thousands of dollars worth of goods each worker produced. Based on gross domestic product and labor numbers from 1988, the most recent year available; calculations are shown in 1991 dollars.

✔ Most efficient	Total productivity ▶
Mining and oil and gas drilling	$2
Utilities	2
Transportation and communication	
Manufacturing (see breakdown below)	
Finance, insurance and real estate	
Agriculture, forestry and fisheries	
Wholesale and retail sales, hotels and restaurants	
Construction	
Areas in manufacturing:	
Petroleum and coal refining	$3
Machinery, except electrical	1
Chemicals, plastics and other synthetics	
Cars, planes and other transportation equipment	
Paper, printing and publishing	
Steel, aluminum, copper and other metals	
Scientific instruments	
Electric machinery and electronic equipment	
Food, beverages, tobacco	
Stone, clay and glass products	
Textiles	

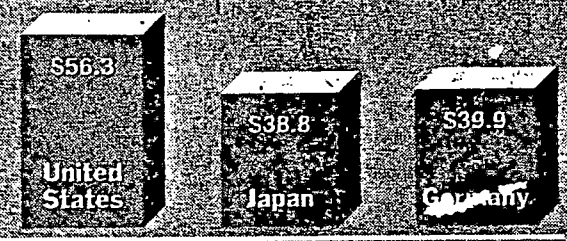
Source: Edward N. Wolff, professor of economics, New York University



Nicolas Asch

ho's the Most Efficient Producer?

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Most efficient	Total productivity		
ing and oil and gas drilling	$242.5 ✓	$ 54.7	$ 26.5
ities	204.3 ✓	182.3	132.8
nsportation and communication	76.7 ✓	40.1	44.4
ufacturing (see breakdown below)	66.9 ✓	52.2	36.2
nce, insurance and real estate	45.2	57.8	55.2 ✓
iculture, forestry and fisheries	42.7 ✓	9.1	17.5
olesale and retail sales, hotels and restaurants	41.2 ✓	24.0	28.4
struction	38.7 ✓	34.1	23.8
as in manufacturing:			
roleum and coal refining	$396.2 ✓	$321.0	$360.2
chinery, except electrical	113.5 ✓	100.9	34.2
micals, plastics and other synthetics	98.4	122.0 ✓	52.4
s, planes and other transportation equipment	76.7	90.5 ✓	36.2
per, printing and publishing	71.2 ✓	64.2	36.4
el, aluminum, copper and other metals	64.6	82.7 ✓	33.8
entific instruments	60.3 ✓	36.7	31.8
ctric machinery and electronic equipment	59.8	67.4 ✓	34.4
d, beverages, tobacco	59.2 ✓	20.7	30.0
ne, clay and glass products	57.9 ✓	44.6	39.0
tiles	31.1 ✓	17.7	22.6

e: Edward N. Wolff, professor of economics, New York University

while, America's high-tech farms boast productivity 4 times as high as Japan's and 2.5 times as high as Germany's. Japan's electronics industry is twice as productive as Germany's and slightly ahead of United States electronics companies.

America's lead is actually growing in perhaps one-third of its industries including agriculture, wood products and food processing, which is really a clutch of industries that churn out everything from cigarettes to cereal to Coca-Cola.

Japan surged ahead in cars and trucks and, despite resurgent American competitiveness in steel and semiconductors, in metals and consumer electronics.

And in lots of industries, the United States is hanging on to its lead. That includes building materials, heavy machinery, computers.

Germany Slowing Down

Suprisingly, the United States widened its lead over Germany during the 1980's, not only in overall productivity but in most manufacturing industries. Mr. Wolff attributes that reversal from earlier decades to the fact that German industry didn't face the same cold blast of world competition spurred by a too-strong dollar that woke American manufacturers to the need to boost efficiency.

A second reason, perhaps more unexpected, is that the United States invested more in manufacturing than Germany did in the 1980's.

Mr. Wolff is convinced that countries specialize and achieve leadership in those industries where they invest heavily in new plant and equipment. Investment not only gives each worker more equipment to work with but it also puts the latest technology in his or her hands.

And research and development is just as important.

"The U.S. is still the leader in aircraft because of heavy R. & D. spending, some of which came via the Pentagon," said Professor Wolff. "Likewise, medical equipment research is heavily subsidized by the National Institutes of Health."

In the 1950's and 1960's Japan and Germany mainly caught up by imitating United States technology. But Americans should take note that, since the 1970's, new investment has played the primary role.

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The fact that Japan was no longer catching up in overall productivity was masked, said Professor Jorgenson, by the vast appreciation of the dollar in the early 1980's. Even as Japan's domestic economy slowed, its exports exploded and the United States lost overseas markets and saw a flood of imports.

In any case, the United States and its main rivals have specialized in different industries. German bankers, it seems, are the world's most efficient. Small wonder. The United States has more than 12,000 banks, the Germans a dozen or two. Mean-

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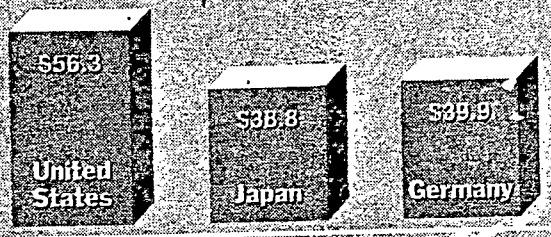
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Machinery, except electrical	113.5 ✔	100.9	34.2
Chemicals, plastics and other synthetics	98.4	122.0 ✔	52.4
Cars, planes and other transportation equipment	76.7	90.5 ✔	36.2
Paper, printing and publishing	71.2 ✔	64.2	36.4
Steel, aluminum, copper and other metals	64.6	82.7 ✔	33.8
Scientific instruments	60.3 ✔	38.7	31.8
Electric machinery and electronic equipment	59.8	67.4 ✔	34.4
Food, beverages, tobacco	59.2 ✔	20.7	30.0
Stone, clay and glass products	57.9 ✔	44.6	39.0
Textiles	31.1 ✔	17.7	22.6

Source: Edward N. Wolff, professor of economics, New York University

TREASURY NEWS

Department of the Treasury Washington, D.C. Telephone 566-2041

PREPARED FOR DELIVERY
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Secretary Nicholas F. Brady
Remarks to the
National Press Club
March 12, 1992

Thank you Alan [Adams]. It's a pleasure to be here at the National Press Club again.

Today I want to take a few minutes to discuss a question that is on many Americans' minds. People have become uncertain about their economic future. They see a rapid pace of change, both here and abroad, and they ask themselves "Where do we stand?"

The conventional wisdom has an answer to that question, an answer rooted in doubt and discouragement: America, we are told, is going downhill. Our economy -- so says the conventional wisdom -- is weak: our goods uncompetitive, our managers inefficient, our workers idle and ill-educated. Germany and Japan are said to be the powerhouses of today and the leaders of tomorrow; the pundits claim that the American Century is drawing to a close.

This view has now been repeated so often and so insistently -- in our newspapers and journals of opinion, in our colleges and universities, in our board rooms and our hearing rooms, and even on Geraldo -- that it has become the opening statement in the debate, no longer to be questioned. These pessimists would judge prescriptions by whether they make us comfortable in our decline, and whether they have a better solution of how to slice an even smaller economic pie.

This bleak appraisal of America's prospects -- like much conventional wisdom -- is seductive, but it's wrong. It reflects a determination to see calamity rather than opportunity. Let us set aside pessimism, and turn to common sense observations about where we stand, and where we go from here.

First, we must lay to rest the myth that America is somehow on its way to becoming an economic backwater. If the pessimists think that the U.S. economy is weak and will soon be overtaken by

economies such as Germany or Japan, they are wrong. The U.S. economy remains the world's preeminent economic power. Total U.S. output is twice the size of Japan's and four times as big as Germany's. With only one-twentieth of the world's population, we produce one-fourth of the world's output.

If the pessimists think any country has a higher standard of living, they are wrong. U.S. GDP per capita, adjusted for purchasing power, is 25% higher than that of Japan and one third higher than Germany's.

If the pessimists think that U.S. manufacturing of high technology products is no longer competitive in world markets, they are wrong. This nation is the world's leading exporter of aircraft and aerospace equipment, computers, microelectronics and scientific and precision equipment. When the Economic Planning Agency of the Japanese government in 1991 evaluated 110 critical technology categories, it determined that American companies dominate 43 of them, Japanese firms 33 and the rest of the world the remaining 34.

If the pessimists think that Japanese or German workers are more productive than American workers, they are wrong. Output per employee in the United States is over 25 percent greater than in Japan or Germany.

If pessimists think the U.S. is losing ground to Germany and Japan in world markets, they are wrong. Since 1986, U.S. merchandise exports have grown 20% faster than Germany's and 70% faster than Japan's.

America remains the land of opportunity -- a place where American men and women can fulfill their unparalleled capacity for innovation and enterprise.

Yet, if all that's so -- and it is -- why do so many Americans lack confidence about the future, our own and our children's?

To some extent, the conventional wisdom simply feeds on itself. So long as we are told at every turn that the future is uncertain, the more uncertain about our future we become.

But there is more to it than this. Although the American economy as a whole remains internationally preeminent, it is no longer free from competitive pressure from abroad. Twenty years ago, for example, General Motors viewed its only serious competitors as Ford and Chrysler. Today, it competes with Honda, Volvo, Toyota, and Volkswagen, to name only a few.

This vigorous international competition is new, confusing and threatening for many Americans. Some would respond by retreat, by circling the wagons, by attempting to close our borders. But this is a sure route to economic decline -- to a lower standard of living for the American people. Instead we must face head on the reality that we now live in a challenging global economic environment.

As an economy modernizes -- faces new competition and enjoys new technological innovations -- the best uses of its resources naturally change. As old companies trim down, new companies open their doors and create new jobs. The entire history of our nation has been a continuing series of such developments. We have not only endured, but thrived -- and thrived in large part *because* of our openness to change.

The changes I am talking about are not always painless. But the technical innovations and world trade that have led to these pressures are *producing* jobs within our economy. Our merchandise exports have increased by $190 billion over the last 5 years, and every billion dollars in increased exports by U.S. companies supports almost 20,000 new jobs. For every 2 1/2 percent growth in GDP, we create almost 2 million new jobs per year.

But the energy that drives the country will only prosper when economic decisions are made by the people in the market place, not in the Congress. We must never forget where good ideas and good products come from. The Salk vaccine was not discovered on Capitol Hill. The airplane was not invented on Pennsylvania Avenue. The energy that drives our country comes from American workers and American businesses, not from Washington D.C.

There is a role for government, but frankly, the American people now are wondering whether it will be a constructive or destructive one.

It is the government's job to help -- not to hinder -- economic progress. The responsibility of those of us in government is to put in place policies that create a climate for economic growth. Only sustained economic growth can improve the incomes of wage-earning men and women.

To keep America growing and the American economy strong, the government needs to live within its means and to provide incentives for hard-working Americans to save and invest -- to build a better future.

When the government fails to control its spending -- to take as little as it can from the people, to husband the resources it does take, and to control deficits -- it drains dollars that could be used in the private sector, and hinders economic growth.

When the government needlessly overregulates businesses and empowers its civil courts to award unlimited damages to consumers for accidents that no amount of care or diligence by the manufacturer could have avoided, it hinders economic growth.

When the government refuses to reform a legal system that makes 80 percent of all obstetricians defendants in malpractice lawsuits, it needlessly drives up the costs of health care and hinders economic growth.

The President recognizes such problems and has proposed initiatives that, for the longer term, will increase our investments in both physical and human capital, reduce unnecessary regulatory burdens on industry, and relieve the long-term pressure on the economy created by the excessive federal deficit.

The President's plan includes:

- Education reform to bring the skills of our future workers up to a standard of excellence;
- Reform of our legal system so that Americans can spend less time litigating and more time innovating;
- Health care reform to provide broader access to the best quality health care in the world;
- Welfare reform to break the cycle of dependency;
- Increased funding for Head Start and strengthened job training;
- A trade policy that opens markets to American goods and services;
- Reform of our archaic banking laws to enable banks to be internationally competitive and financially healthy;
- Reform of our pension guarantee laws to protect the American people against future losses;
- Spending cuts, including complete elimination of 246 programs and over 4,000 projects;
- And record federal support for research and development to keep our nation on the cutting edge of new technologies.

We simply can not allow our nation's economy to have its strength sapped by overregulation, a debilitating legal system and Congressional indifference to the priority of economic growth.

I believe that the American people's uncertainty about the long term -- about both our ability to compete and the government's capacity to enact laws that aid this ability -- has contributed to the short term difficulties of our economy. If these uncertainties about our future can be dispelled, and balance and common sense prevail, we could all be optimistic about our future.

The false start we experienced last year makes us all humble about predicting just when the economy will pick up speed.

But here's how economic rebounds happen; actually, what I think is already happening. The people making investment decisions, the people making hiring decisions, those buying goods or purchasing services are seeing a number of positive signs that the economy has started to grow again. When we recognize that these are not isolated incidents, but a pattern pointing in a definite direction, the confidence that has been lost during this recent period of uncertainty will be restored.

And there are encouraging signs. Last week's increase in the leading economic indicators is one. New manufacturing orders increased in February. Sales of new domestic cars are improving. Inflation is at the lowest level since the early '60's. And today's retail sales increases are very strong.

Corporate profits are beginning to rebound, and as they do, corporate investment -- which is crucial to greater productiv ty and jobs -- will increase. According to the most recent Department of Commerce survey, corporate managers are planning to increase spending by 6 percent this year.

Housing -- historically a critical industry in lifting the nation out of recession -- is also demonstrating new strength. Home sales and housing starts are both up.

The economy, we feel, is returning to a pattern of growth.

But despite these positive signs, this is no time for complacency. Last year we thought we saw an economic upturn, and instead, the economy remained sluggish. Job creation -- our most critical concern -- remains uneven. And last month's increase in the unemployment rate was disappointing, even though there was some good news: 164,000 nonfarm jobs were added to the economy in February.

Of course, an essential element for this recovery is the conduct of monetary policy. To the American consumer, the signals given by the Federal Reserve about interest rates and its expectations for the future are far more critical than the technicians' latest readings. One only has to remember back to last December to appreciate the positive effect on all Americans of that month's sharp reduction in the discount rate. If growth of the money supply were to stagnate in the spring of '92 as it did in the spring and summer of '91, the recovery would be threatened and an opportunity lost.

The two points I have made today -- ending our uncertainty and beginning a real economic recovery-- have everything to do with what is going on right now on Capitol Hill.

President Bush has put forward a responsible economic package that will accelerate economic recovery in the short term, free the economy to realize its potential in the long term, and increase the competitiveness of American goods and services in the world economy.

The President's plan recognizes that the elements of a recovery are in place, but that positive, concrete steps are needed. We don't need the long bomb, we just need good block and tackle football.

Accordingly, the President's plan is directed at the specific needs and aspirations of the American people: It will assist families to buy a house, to save for the future, to finance education, to purchase health insurance, and to plan for retirement. And these initiatives will provide stimulus in both the short and long term.

The President has proposed seven specific short-term growth initiatives, which embody fundamental principles that have received wide agreement. I want to mention three of the seven examples.

1) Adopting a $5,000 tax credit to help more Americans buy their first home;

2) Creating an investment tax allowance that will inject billions into the economy by encouraging more businesses to invest;

3) Reducing the tax on capital gains, to encourage capital formation and create jobs.

(The other four critical elements of the President's short-term package are passive loss relief for full-time real estate developers, penalty-free IRA withdrawals for first-time home buyers, enhanced corporate alternative minimum tax depreciation, and facilitated real estate investments by pension funds.)

These provisions will encourage construction and productive investment, ease the obstacles that have grown to home ownership for young families, and stimulate the risk takers. And yes, even the Democrats have agreed that these principles are the right ones -- they have finally endorsed a capital gains tax reduction.

But rather than attempting to work with the President to accelerate economic growth and create jobs, the Democrats have devised a partisan plan that raises taxes -- a plan that they know the President will not sign.

The current political battle in Washington is nothing less than a fundamental clash of values -- a clash of values that in recent years has contributed to the sluggish growth of our nation's economy and threatens economic recovery.

The Democrats in Congress believe that politicians in Washington, not free markets, should allocate the nation's resources. They believe that guiding the redistribution of limited economic output is far more important than encouraging economic growth and expanding opportunities for all Americans. And they believe that they should determine the size of government and then tax the American people to fund their plans; that the government should simply take whatever it wants.

Republicans believe that we must eliminate waste and efficiently manage what we have -- not ask for more. Republicans believe that the government should live with budget discipline, just as an American family does, that government should reduce its spending to fit the tax revenues it currently receives.

When it comes to paying for their new initiatives, of course, the Democrats in Congress refuse to look to spending cuts. In both the House and the Senate they have reached the conclusion that the government -- rather than the American people -- should spend the defense savings.

And what the Democrats are trying to label a tax increase on the wealthy is nothing less than an attack on the most effective job creating enterprises in the United States -- this nation's small businesses. The Democrats' tax increase hits right at the heart of small farms and business proprietorships and partnerships. About two-thirds of the taxpayers who would be subject to higher tax rates are owners of small businesses -- the kinds of businesses that create jobs in this country. It is not hard to figure out who will be hurt -- more than a million of

this nation's small businesses -- working Americans. The plan of the Democratic majority is a job killer, not a job creator.

When I talk about tax increases and its effect on jobs and business, I'm not talking abstract theory. I've been there. I'm from New Jersey. We ran the experiment for you, and here's what it showed: higher tax rates were followed by businesses leaving the state and sharp economic decline. And when the people saw the results of the Democrats' tax-raising handiwork, they reacted at the polls. In November of 1991, Republicans won control of both houses in the New Jersey legislature for the first time in 20 years. And not just majorities -- veto-proof majorities in each house to make sure it didn't happen again.

I ask you, why should we run this experiment again at the national level?

But it is not too late. If the Democrats would forsake the politics of division and embrace the cause of growth, the President's proposals could be enacted immediately -- paid for by spending cuts and reforms, not tax rate increases. And the President would sign this bill immediately. More than that, its enactment would demonstrate that Congress can act in a way that benefits the American people.

If the collapse of communism and the disintegration of the Soviet Union this past year have taught us anything at all, it is that government policies that concentrate on managing how limited resources are distributed among the people are a poor substitute for concentrating on creating economic growth.

We are indeed on the brink of a new world -- one that begins with the end of the Cold war -- an economic stimulus that none of us can now calculate, but which will be, over time, of enormous proportions.

The critical task for all of us in government is to work together to strengthen our economy -- for that is what the American people want and deserve.

Thank you.

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THE WHITE HOUSE
WASHINGTON

Seven fat years
Moscow University speech
Economy of Mind

Ken Ohmi ⇒
Linkage

~~Bag~~ Bhagwati → Trade

Charles Kindelberger
'20s - failure
World in Depression - no lead
Britain exhausted
U.S. too naive
world adrift
smoot-Hawley

kicked off the global depression

BACKGROUND INFORMATION

Office of News and Information Southern Methodist University Box 174, Dallas, Texas 75275-0174 214/987-7650 FAX 214/987-7663

TO REPLACE PREVIOUS INFORMATION:

April 1992

SMU CHEMISTRY STUDENTS DEMONSTRATE: "SCIENCE ISN'T SCARY"

Jonathan Burton, a graduating senior from Dallas and president of the Chemistry Society of Southern Methodist University, conceived the idea of taking chemistry experiments into the classroom of local elementary schools to show that science can be fun.

Members of the society perform the experiments, which are aimed at pricking grade school children's curiosity by doing unusual things with everyday items found in the kitchen. They turn ice tea the color of grape juice and vice versa. They also make large soap bubbles, produce nylon threads, perform simple demonstrations with liquid nitrogen and concoct oscillating clock reactions.

Burton and Chris Claypool, a junior from Indiana, received a grant from the American Chemical Society to help pay for supplies.

Post-it™ brand fax transmittal memo 7671 | # of pages ▸ 2

To Jennifer Grossman	From Jeanne Whitmore
Co. WH Speechwriting	Co. SMU
Dept.	Phone #
Fax # 202 456-6218	Fax # 214 987-7663

Printed By: Jeanne Whitman	5/7/92	Page: 1

From: Lori Johnson (5/7/92)
To: Jeanne Whitman

	Subject:	Time:11:59 AM
OFFICE MEMO	Chris Lake	Date:5/7/92

Because of a family emergency which kept Chris Lake out of town most of last week, it appears he won't be graduating in May. He will probably complete his degree this summer, but he won't go through commencement. Ann suggested that I let you know because we had him on a list as a possible commencement feature.

Jennifer &
Michele,

Please note that one of the students mentioned in the ICE article will not graduate May 16.

DOUG GAMBLE

424 - 36th Place
Manhattan Beach, CA 90266
(310) 546-6409

May 8/92

TO: CHRISTINA MARTIN

NOTRE DAME (Janice Crouse)

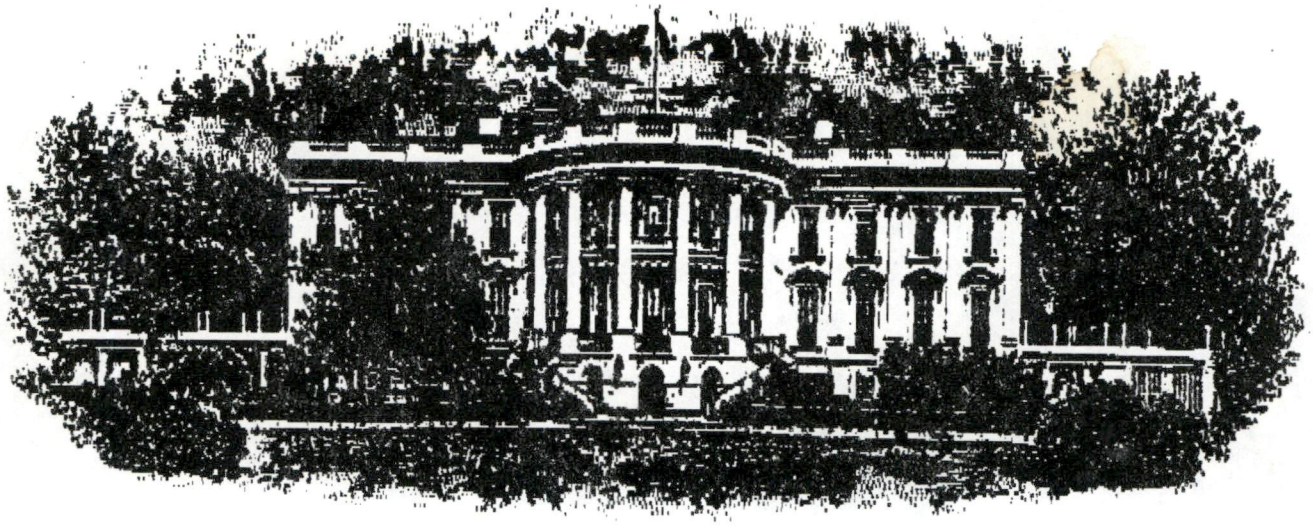
THIS IS THE TIME OF YEAR WHEN INVITATIONS POUR INTO THE WHITE HOUSE FOR APPEARANCES AT COLLEGE COMMENCEMENTS. BUT SINCE MILLIE CAN'T MAKE THEM ALL, THERE ARE TIMES LIKE THIS WHEN I HAVE TO FILL IN.

I FEEL A SPECIAL BOND WITH NOTRE DAME. MAYBE IT'S BECAUSE WE'VE BOTH ACHIEVED A CERTAIN MEASURE OF SUCCESS THROUGH OUR ASSOCIATION WITH THE "GIPPER."

NOTRE DAME IS UNIQUE. IT'S THE ONLY SCHOOL WHERE, WHEN A NEW FOOTBALL COACH IS CHOSEN, WHITE PUFFS OF SMOKE COME OUT OF THE CHIMNEY.

I REMEMBER LOU HOLTZ TELLING ME WHY THE SCHOOL HAS AN ADDED INCENTIVE TO DO WELL AT FOOTBALL. IT'S ONE THING FOR A COACH TO EXPLAIN TO THE ALUMNI IF THINGS AREN'T GOING WELL, BUT IT'S SOMETHING ELSE AGAIN TO EXPLAIN IT TO THE POPE.

YOU'VE PUT IN FOUR LONG, TOUGH YEARS, AND NOW COMES THE HARD PART. SITTING THROUGH A COMMENCEMENT SPEECH.



FACSIMILE TRANSMITTAL SHEET

NUMBER OF PAGES INCLUDING COVER 5

DATE May 8

TO Rudy

FAX NUMBER

COMMENTS FYI for S.M.U.

FROM Kris

OFFICE NUMBER

Andy

THE LOEFFLER GROUP
OF
MCCAMISH, MARTIN, & LOEFFLER
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FAX(202) 628-5608

TELECOPY COVER SHEET

TO: David Demoneist

TELECOPY NUMBER: 456-2983

FROM: Tom Loeffler
McCAMISH, MARTIN, LOEFFLER

NUMBER OF PAGES (including cover sheet): 5

PERSON SENDING TELECOPY: Bette Anne Starkey

DATE: 5/14/92

NOTES:

IF YOU DID NOT RECEIVE ALL OF THE PAGES OR IF THEY ARE ILLEGIBLE, PLEASE CALL. THANK YOU.

THE
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MEMORANDUM

TO: The Honorable W. Henson Moore
Deputy Chief of Staff
David F. Demarest, Jr.
Assistant to the President for Communications
J. French Hill
Special Assistant to the President and Executive Secretary, Economic Policy Council

FROM: Tom Loeffler

DATE: May 13, 1992

SUBJ: Presidential Reference to the John Goodwin Tower Center for Political Studies at Southern Methodist University during the President's SMU Commencement Address

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BACKGROUND:

Following his retirement from the United States Senate in 1985, Senator Tower joined the faculty at Southern Methodist University as a Distinguished Lecturer in Political Science. He continued to serve the University until his untimely death, teaching regularly in political science courses and participating in the faculty's research programs. Senator Tower was insistent that teaching and research serve the public good, equipping and inspiring students for careers in public affairs and infusing public policy debates with sound and informed scholarship.

Subsequent to Senator Tower's death, the John Goodwin Tower Center for Policy Studies has been established by the SMU Department of Political Science, which has achieved national recognition for the quality of its undergraduate teaching program and scholarly research and for its sponsorship of highly successful conferences on national security and international politics.

Via letter dated December 10, 1991, from Jeanne Tower Cox, an invitation was extended to the President and Mrs. Bush to serve as Honorary Chairmen of the campaign establishing the Center.

RECOMMENDATION:

OPTION # 1

During his Commencement Address the President should announce that he and Mrs. Bush will serve as Honorary Chairmen of the campaign establishing The John Goodwin Tower Center for Political Studies at Southern Methodist University.

OPTION # 2

During his Commencement Address the President should favorably mention the recently established John Goodwin Tower Center for Political Studies and his personal relationship with the Senator.

JEANNE TOWER COX

December 10, 1991

The President and Mrs. Bush
The White House
Washington, D.C. 20500-0001

Dear President and Mrs. Bush,

Soon after our father's death, Southern Methodist University proposed to our family the establishment of the John Goodwin Tower Center for Political Studies.

This long overdue addition to SMU, and to Dallas---and really to the country--- will strengthen undergraduate education in the fields of international relations and comparative politics with an emphasis on international studies and national security policy. The Center will make possible a Diplomats-in-Residence program bringing national and world leaders such as Margaret Thatcher, into a teaching environment to share the benefits of their knowledge and experience with the students who will comprise our future leaders. The Center will permanently sponsor the Treaty Verification Conference founded by our father in 1989. Not only will the John Goodwin Tower of Political Studies accomplish all these things mentioned and much more, but more importantly for us, it is a fitting honor to a great Statesman, a man of dignity and principle who dedicated his life to his country.

Mom, Penny and I would be deeply honored if you both would agree to serve as Honorary Chairmen of this effort, along with former Presidents Reagan, Carter, Ford and Nixon. We will await your response before contacting the former Presidents. Anne Armstrong and Tommy Loeffler have graciously agreed to serve as Co-Chairmen and are working actively to help us begin our fund raising efforts.

I have enclosed a proposal of the Center which I discussed at length with George W. Bush. His comments were very helpful.

Many thanks for your consideration.

Warm regards,

Jeanne Tower Cox

P.S. Mom sends her love.

VALERIE HUSCHER BELL
DIRECTOR OF SMU LECTURE PROGRAMS

P.O. BOX 461
SOUTHERN METHODIST UNIVERSITY
DALLAS, TEXAS 75275-0461

(214) 692-4313
FAX (214) 692-3570



JEANNE P. WHITMAN
ASSISTANT VICE PRESIDENT FOR UNIVERSITY ADVANCEMENT
AND DIRECTOR OF UNIVERSITY RELATIONS
SOUTHERN METHODIST UNIVERSITY OFFICE OF UNIVERSITY RELATIONS
P.O. BOX 174 DALLAS, TEXAS 75275-0174
TELEPHONE 214/987-7660 HOME 214/823-2937 FAX NUMBER 214/987-7663

FACT-CHECK COPY

(Ferguson/Grossman)
May 8, 1992
Draft Two
SMU

PRESIDENTIAL REMARKS: SMU COMMENCEMENT
DALLAS, TEXAS
MAY 16, 1992

[Acknowledgments, local jokes]

It's good to be home. I'm honored by this degree. ((My dog's jealous. Yesterday, I wanted to take Millie for a walk. She told me to call her agent.))

I know this is an exciting day for you and your parents, the close of one important chapter in your lives and the beginning of many more. ~~The day~~ RIGHT after my own commencement was the day I lit out for Texas. ~~Barbara and~~ I packed up our '47 Studebaker and I made my way to Odessa, to try my hand at the oil business.

I had many reasons for going west, but the advice from one family friend tipped the balance. "What you need to do is head out to Texas," he told me. "That's the place for ambitious young people these days."

This was a few years after World War II -- what seems like a lifetime ago. My friend's advice was some of the best I've ever had. I believe that what he said then still holds true, not only for Texas but for all of America. Members of your graduation class hail from as far away as Czechoslovakia and as near as West Dallas, and all points in between. But for each of you, America is the place where ambition, energy, enthusiasm and hard work are still rewarded, where young people can still feel confidence in their dreams.

Barbara & George Jr met him there after he found a home.

not exactly right P. 46

Looks forward P. 47

Jeanne Whitman SMU 214/987-7660

Ann Abbas Dir. News and Information

University Park?

this is closer, might be better than West Dallas

The opportunities offered by America seemed limitless in those days after the war, when I was a young man graduating from college. You might be wondering if they still are. This afternoon I want to make the case that today's America is still a rising nation -- that the country you are inheriting holds the same limitless opportunities it held for Barbara and me, and for your parents and your grandparents.

In making this case, I realize that I'm not taking the fashionable view. Among the pundits and the pontificators -- even among some professors, I hate to say -- conventional wisdom portrays an America in decline, its energy dissipated, its possibilities exhausted -- a country beset by international predators abroad and insurmountable problems at home.

The declinists, as they're called, will hate to hear it, but they're saying nothing new. Flip through the history books. You'll hear their high-pitched complaints sounding again and again. As our western frontier filled in the late 19th century, even that great America-booster Walt Whitman worried that soon his country might "prove the most tremendous failure in history." A few years later the "American century" dawned.

In the 1930s, the declinists told us the great depression had finished off capitalism; our victory in World War II put an end to that talk. A generation later, the Soviets launched the first satellite, and the defeatists said America had lost the space race -- twelve years before Neil Armstrong walked on the moon. Still more recently, while many of you were still in grade

school, some of our national leaders spoke of an "era of limits" and "malaise" -- right before Americans began the longest peacetime expansion in their history.

So the pessimists were wrong. Pessimists always are -- when they talk about America. But for you the debate about decline isn't an abstract exercise. It is a debate about the kinds of jobs you will have, about your ability to provide decent schools and health care for the children you will bring into the world. It is about that most essential component of the American dream -- your aspiration to leave your children a country even more hopeful, more prosperous than your own.

There's something particularly ironic about the declinism we're seeing today, for it comes at a moment of triumph that few countries in history have been privileged to enjoy. We have over the past year seen the collapse of a seemingly implacable adversary, an empire deeply hostile to all that Americans cherish. And we have seen emerge from the totalitarian darkness a host of new nations, each struggling with a free and democratic future, each looking to us for leadership.

In the face of this near universal vindication, declinism is more than just unappealing and ungracious; it is also inaccurate. The fact is, America is not simply the world's sole military superpower; it is not just the world's political leader, though it is that, too. It is also the greatest economic power in history.

America is a country uniquely able to provide its citizens unparalleled opportunity, and it is certain to remain so -- if we muster the will to confront the problems that still beset us.

First we should debunk a few myths -- misperceptions and errors of fact repeated so often that nobody can be blamed for taking them as gospel.

Start with this one. You might have heard that the growth of the American economy, over the long term, is creeping to a halt. That is a myth. ~~Our growth rate over the last two decades exceeds America's historical average.~~

Perhaps you've heard the American worker is unproductive. That, too, is a myth. The American worker is the most productive in the industrial world -- 30 percent more productive than his Japanese counterpart. That's why, with one-twentieth of the world's population, we produce one-fourth of the world's goods and services.

Maybe you've heard the American worker is unskilled. This audience here, about to enter the American workforce, puts the lie to that claim. In fact, one out of every four American workers has a college degree; another 20 percent have one-to-three years of college education. ~~This is more than two and a half times the rate for the Japanese workforce.~~

Maybe you've heard that our standard of living lags that of our international competitors. Again: not true. Measured in purchasing power, our standard of living -- the average

American's ability to buy goods and services -- is far above other industrialized nations.

Here's another myth: that America has fallen behind in science, technology and innovation. Maybe the declinists should come here and talk to the SMU grad students working on the Superconducting supercollider. Or they could ask those companies from Switzerland, Germany, Japan, Korea -- the list goes on -- who open research labs in the U.S., simply to be close to American science.

If not science, say the doomsayers, then how about industry? You might have heard that American industry is on the decline. Wrong again. Manufacturing has been the strongest sector of our economy, growing faster than any other manufacturing sector in the world. From one industry to another, the United States is the most progressive and efficient of the world's developed countries: in mining, oil and gas drilling, utilities, transportation, communication, agriculture, forestry, fisheries, pharmaceuticals, construction, scientific instruments, airplanes, paper, stone, clay, glass products, textiles....

I could go on, but I'll spare you. ((One poor guy over there looked terrified I might give a pop quiz.)) My point is clear -- and I think indisputable: America is a strong nation getting stronger. Its prospects and opportunities -- <u>your</u> prospects and opportunities -- are limitless.

Unfortunately, the declinists refuse to inconvenience themselves with the facts. Instead they push protection and

isolation -- with lots of tough talk thrown in. But nobody should be fooled by the patriotic bluster: protectionism is based on fear -- fear that America can't rise to the challenges posed by a global economy. The danger is that, for all our undeniable strengths, fear of the future could prove a self-fulfilling prophesy. If America turned inward, insulated itself in a cocoon of defeatism, the result would be stagnation, fewer jobs with lower pay, and a diminished standard of living for all.

Let me give you an example of what I'm talking about. Our astounding economic success is increasingly dependent on a basic fact: If we are to be prosperous at home, we must lead economically abroad. In a word, that means trade. America is the world's leading exporter -- $422 billion worth last year alone. Over the past five years, our exports have increased 80 percent, creating 2 million jobs.

The declinists want to ignore the good news. They pretend that trade is zero-sum game, where one partner's gain must be offset by another's loss. But once again they're wrong -- demonstrably wrong -- and I refuse to squander the gains of the last generation, and the hopes of coming generations, in this crabbed misreading of America's place in the world. For three years my administration has guaranteed that we continue to create jobs through a policy of open and free trade. Right now, we are on the verge of concluding a historic North American Free Trade Agreement, which will create a $6 trillion free trade zone from the Yukon to the Yucatan.

Some may call this policy optimistic. Well, so be it: I plead guilty to being optimistic about this country's ability to compete. Don't misunderstand: America has difficulties ahead. It must deal now with a few alarming trends which, left unchecked will indeed threaten our world leadership. I think here of unsustainable health care costs; a civil justice system that pays only lip service to efficiency and fairness; and I think of our system of secondary education, which is unsuited to producing the workforce the future will demand.

We must reform these areas of our national life, but we will do so only if we cleave to the same first principles that underlie our prosperity. Our economic success wasn't hatched in some committee room on Capitol Hill or around a conference table in the White House. It was determined on the shop floor, in the board room, in the research lab, where free men and women weighed the options, took the risks, and made their own decisions. America is the most prosperous nation in history because it is also the freest. In the same way, a commitment to limited government, personal freedom, and personal responsibility must shape the reforms we urgently need to undertake.

Any radical transformation of our education system, for example, must allow communities the freedom to create their own break-the-mold schools, to bring competition to the educational marketplace. And parents must have the freedom to choose their children's schools. My plan to reform our health care system

makes health care more affordable and accessible, while preserving the all-important benefit of consumer choice.

I have also proposed comprehensive steps to restore sanity to our legal system. The explosion in litigation threatens our economic well-being and, worse, weakens the ethic of personal responsibility on which all social order depends. We must sue each other less and help each other more.

Finally, as country moves forward into the next century, we must take care that no one is left behind. The riots in Los Angeles reminded us of the price paid when lawlessness is left unpunished and human aspirations left unmet. All Americans deserve safe streets, schools unsullied by drugs and violence; and every American deserves the opportunity to pursue his dream, unhindered by the ugliness of racism or the benign neglect of a government bureaucracy.

I came away from Los Angeles reaffirming our commitment to pursue a new approach -- one grounded in basic principles like dignity, personal initiative, and opportunity. [[Our welfare system cries out for reform. And I have asked Congress once again to establish enterprise zones, to unleash entrepreneurial energy in the inner city; I have asked for full funding for our HOPE initiative to give people roots in their communities; and I have instituted a program called "Weed and Seed," to weed out gang leaders and career criminals from distressed neighborhoods and seed those communities with expanded employment, educational and social services.]]

I came away from Los Angeles as well with a deepened sense of hope for America and her people. We all saw the horrifying acts of violence. But let me tell you another story from Los Angeles. At the height of the riots, a pastor named Bennie Newton saw a man being beaten to the ground. Despite the threats and the blows, Rev. Newton walked into the fray and draped his body over the bloody man until the beating stopped. "My heart was crying," said the pastor. He saved the man's life.

America is nation of Bennie Newtons; you'll find him in every town and city, in every union hall and boy's club and scout troop. Few of us are ever called upon to sacrifice under such perilous circumstances. But every day, on countless small occasions, each of us is called to make sacrifices -- each of us is called to lead, to take responsibility, to show by example. I have spoken today of our economic future, about free enterprise and personal liberty, but the freedoms we cherish mean nothing unless they are infused with the old virtues, the time-honored values: honesty, thrift, self-discipline, and service to others.

I do not pretend to know the shape of the next century. The genius of a free people defies prediction. Certainly Barbara and I, when we loaded up our Studebaker for the trip to Odessa, could never have imagined the technological marvels our grandchildren take for granted -- fax machines and VCRs, for example -- ((not to mention the most amazing invention of 1992, the supermarket scanner.))

But I do know this: the next century will be your century, yet another American century, if we believe in freedom, hold fast to our timeless virtues, and remain faithful to our role as exemplar to the world.

Thank you again, and God bless the United States.

# # # #

Rm. 111½

May 12, 1992

MEMORANDUM FOR JENNIFER GROSSMAN

FROM: TRACEY TAYLOR

SUBJECT: DAILY POINTS OF LIGHT VISITED BY THE PRESIDENT

Listed below are some of the Daily Points of Light and other organizations the President has visited in urban areas. Press releases are attached if available.

Organization	City	Date
Covenant House	New York City	June 1989
Acres Homes War on Drugs DPOL #11	Houston	Dec 1989
Cincinnati Youth Collaborative, DPOL #40	Cincinnati	Jan 1990
Capitol Area Community Food Bank	DC	April 1990
Oakwood Community DPOL #148	Venice, CA	May 1990
MAD DADDS (Men Against Destruction - Defending Against Drugs and Social Destruction), DPOL #126	Omaha	June 1990
Midnight Basketball League DPOL #124	Glen Arden, MD	April 1991
Laura Rodriguez/ Logan Heights Family Health Center, DPOL #595	San Diego, CA	1992
San Antonio Youth Basketball League, DPOL #705	San Antonio, TX	Feb 1992
Challengers Boys and Girls Club, DPOL #766	Los Angeles, CA	May 1992

THE WHITE HOUSE

Office of the Press Secretary
(Houston, Texas)

For Immediate Release December 7, 1989

THE DAILY "POINT OF LIGHT"

The President today named the Acres Homes War on Drugs as his eleventh daily "Point of Light." This partnership between the citizens and business leaders of the Acres Homes community and the Houston Police Department has helped to combat drug problems in this North Houston community.

A neighborhood committee has sponsored workshops to educate the public about drugs. "Lot clean-ups" and other volunteer activities have been organized to help the police do their job. The partnership maintains a storefront staffed by volunteers and police in the neighborhood to ensure responsiveness.

The President praises the Acres Homes War on Drugs for its efforts to stop the drug trade in their community. This initiative shows the benefits of partnership and serves as an inspiration to communities to commit themselves to the fight against drugs.

# # #

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Miah Homstad
(202) 456-6266

THE WHITE HOUSE

Office of the Press Secretary
(Cincinnati, Ohio)

FOR IMMEDIATE RELEASE January 12, 1990

THE DAILY "POINT OF LIGHT"

The President today named the Cincinnati Youth Collaborative (CYC), of Cincinnati, Ohio as his fortieth daily "Point of Light." The CYC is a partnership between the business, education, and civic communities, which has helped hundreds of local students make the most of their education.

The hallmark of the CYC is comprehensiveness. Founded in 1987, this initiative now operates two preschools, funds additional teachers and counselors in Cincinnati public schools, and even provides college scholarships for those who complete the program. Their work is funded by donations from the business community, citizens, and local foundations.

Beginning in elementary school, hundreds of mentors tutor the students and endeavor to improve their self-esteem. These volunteers also encourage the students to stay in school and to pursue post-secondary education. After high school, college and job placement as well as scholarship money is made available to the graduates.

The President applauds the Cincinnati Youth Collaborative for its efforts to help the students of Cincinnati. This grassroots initiative is a model of community service for the entire nation.

# # #

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Miah Homstad
(202) 456-6266

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE May 21, 1990

The President today named the residents of Oakwood, a subdivision of Venice, California, as the one hundred forty-eighth "Daily Point of Light." The concerned citizens of the crime-plagued Oakwood neighborhood have worked diligently to make their racially diverse neighborhood a safer place in which to live. The efforts of Oakwood citizens working closely with the members of the Los Angeles Police Department have resulted in a decrease in the crime rate by 44 percent.

Residents of Oakwood have worked to combat the drugs and crime which have oppressed their lives for too long. They have assumed responsibility for solving problems in their own neighborhood. The "Town Watch" program has organized a group of Oakwood citizens to work closely with the Los Angeles Police Department to report suspicious people. The C.A.R.S. (Community Against Rock Sales) Program also works closely with the Los Angeles Police Department, by reporting unfamiliar and suspicious cars parked or driving through the neighborhood. The Oakwood Beautification Committee organized a candlelight vigil to elicit support for efforts to combat drugs and crime. The "Oakwood Neighborhood Watch" program encourages local youth to continue their education and stay off drugs. In addition to these groups, the Venice Action Committee, the Venice Town Council, and the Venice Homeowners and Tenants Association have helped the Oakwood community address their social ills.

The President salutes the residents of Oakwood as the one hundred forty-eighth "Daily Point of Light." Daily Point of Light recognition is intended to call every individual, group, and organization in America to claim society's problems as their own by taking direct and consequential action; to identify, enlarge, and multiply successful initiatives, like those of the residents of Oakwood; and to discover, encourage, and develop new leaders in community service, reflecting the President's conviction that, "From now on in America, any definition of a successful life must include serving others."

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Robert Marbut
(202) 456-6266

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE April 25, 1990

The President today named MAD DADS of Omaha, Nebraska as the one hundred twenty-sixth "Daily Point of Light." MAD DADS is an organization committed to providing young men with strong male role models, helping them to resist the temptations of drug abuse and gang involvement.

MAD DADS (Men Against Destruction - Defending Against Drugs and Social Disorder) was founded by John Foster when his son returned home one night after having been beaten by gang members. He coordinated a volunteer group of 18 men striving to "get strong black men onto the streets and into the lives of their children."

Today, there are over 550 volunteers including individuals who are black, white, Hispanic, and a newly-created corps of MAD MOMS. MAD DAD volunteers treat the young people with respect, sympathy, and affection; but they know when to be stern and demanding. The various projects include speaking to school children, painting over graffiti, patrolling streets, providing protection from gang threats, and sponsoring positive community events. In addition, a Surrogate Father program and a Street Counseling program hires unemployed black men, trains them in parenting and counseling skills, and assigns them to homes lacking adult male role models or to the streets where young people congregate.

The President salutes MAD DADS as the one hundred twenty-sixth "Daily Point of Light." Daily Point of Light recognition is intended to call every individual, group, business and organization in America to claim society's problems as their own by taking direct and consequential action; to identify, enlarge, and multiply successful initiatives, like MAD DADS; and to discover, encourage, and develop new leaders in community service, reflecting the President's conviction that, "From now on in America, any definition of a successful life must include serving others."

# # #

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Robert Marbut
(202) 456-6266

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE April 23, 1990

The President today named The Midnight Basketball League, Inc. of Hyattsville, Maryland as the one hundred twenty-fourth "Daily Point of Light." This initiative, a late night summer basketball league, is committed to teaching teenagers discipline and teamwork.

The Midnight Basketball League was initiated by G. Van Standifer, the former town manager, in response to escalating crime rates and drug related activities in the Glenarden township. He recognized that basketball is a magnet which may be used to lure young adults off the street and into a productive environment. Since its founding, incoming reports of crimes have dropped by 60 percent.

The program operates between 10:00 p.m. and 2:00 a.m., three nights weekly during the summer months. Young men between the ages of 17 and 21 are eligible to participate. The League is supported by members of the law enforcement community, many of whom actively participate as coaches and referees. Local business community members donate funds and sponsor teams.

The league coordinates three games each night and professionals offer workshops on the dangers of drug involvement and educational opportunities between each game. An additional benefit is the large spectator attendance the games attract. Young people who would ordinarily congregate on street corners now meet in the Glenarden Community Center Gym. The participants' competitive spirit compels them to stay off drugs in order to play well.

The President salutes the Midnight Basketball League as the one hundred twenty-fourth "Daily Point of Light." Daily Point of Light recognition is intended to call every individual, group, and organization in America to claim society's problems as their own by taking direct and consequential action; to identify, enlarge, and multiply successful initiatives, like the Midnight Basketball League; and to discover, encourage, and develop new leaders in community service, reflecting the President's conviction that, "From now on in America, any definition of a successful life must include serving others."

# # #

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Robert Marbut

THE WHITE HOUSE

Office of the Press Secretary

FOR IMMEDIATE RELEASE OCTOBER 23, 1991

The President today named Laura Rodriguez, of San Diego, California, as the 595th Daily Point of Light for the Nation. For more than two decades, Ms. Rodriguez, 81, has set a remarkable example of the spirit of community service in Barrio Logan, a primarily Latino community located near downtown San Diego.

When she was 61 years old, after raising four children and attending to a large extended family, Ms. Rodriguez decided to devote her efforts to improving her community. A lifelong Barrio resident, Ms. Rodriguez is regarded as an advocate, role model, and friend by her neighbors. Her strong character and perseverance have left an indelible mark on those around her.

Ms. Rodriguez, having galvanized community support for the Logan Heights Family Health Center in 1970, worked to build it into a facility with an 8 million dollar annual budget. Each year, dental, optometric, and medical professionals provide health care to nearly 150,000 patients at the center. Ms. Rodriguez still opens the clinic each morning and spends half-days there, supporting patients with her cheerful smile and words of encouragement.

In her spare time, Ms. Rodriguez serves lunches to school children and mentors and counsels Barrio residents. She often helps neighbors complete applications and paperwork and translates for them when needed. Her unwavering commitment to what she believes is illustrated by her longstanding participation in community service.

The President salutes Laura Rodriguez for her efforts and for demonstrating his belief that, "From now on in America, any definition of a successful life must include serving others."

# # #

FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Miah Homstad
(202) 456-6266

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release May 8, 1992

The President today recognized the volunteers of Challengers Boys and Girls Club of Los Angeles as the 766th Daily Point of Light for the Nation. Founded in 1968 by Lou Dantzler, the club has offered hope to more than 25,000 young people in South Central Los Angeles, helping them develop good character and values in a family atmosphere.

In the aftermath of the Watts riots, Lou Dantzler determined to create a brighter future for the children of his community. He began by driving 12 young people in his pickup truck to a local park, where he organized a baseball game. As more and more children became interested in his activities, Mr. Dantzler expanded his efforts, acquiring in 1970 the abandoned supermarket property which now houses the Challengers Boys and Girls Club.

Today, Challengers Boys and Girls Club has 2,200 members, ages six through 17. On a typical day, about 200 take part in its activities, including arts and crafts, sports, photography classes, health instruction, and field trips. During the summer months, nearly 700 children visit the club daily. With a staff of 30 supplemented by some 75 community volunteers, ranging from professional athletes to employees of major corporations, the club offers young people personal attention and positive role models. Many Challengers members have attended colleges and universities throughout the Nation and have distinguished themselves in many professional fields.

A critical factor in the success of Challengers has been its commitment to strong families. All parents attend an orientation session and are expected to volunteer eight hours per month to the club. In return, the club sponsors parenting classes, support groups and a monthly family outing, which usually draws 75 to 100 participants. Parents are also asked to make a donation to the club's building fund if they can afford it. This creates a sense of ownership and pride among member families.

Daily Point of Light recognition is intended to highlight for the Nation examples of ideas that are already working to strengthen communities and solve serious social problems.

The President commends the volunteers of Challengers Boys and Girls Clubs for exemplifying his belief that, "From now on in America, any definition of a successful life must include serving others."

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FOR FURTHER INFORMATION CONTACT: Tracey Taylor or Miah Homstad
(202) 456-6266

PRE-ADVANCE/WALK-THRU QUESTIONNAIRE

EVENT: SMU Commencement

DATE: May 16

TIME: Speaking time: 10:42 a.m.

LOCATION:
(GIVE DETAILS) SMU's Moody Coliseum

EXPECTED AUDIENCE:
(NUMBER AND COMPOSITION) 8500 people 7500
(grads, families, faculty)

PRESS COVERAGE: Open

DIAS PARTICIPANTS: A. Kemeny
President Pye of SMU, Student Council Exec. Leadership
University Leaders, Marshalls

EXPECTED PARTICIPATION BY MEMBERS OF CABINET/CONGRESSIONAL/ADMINISTRATION: ——

POTUS INTRODUCTION: President Pye

PERTINENT SPEECH TOPICS: Kids are concerned about getting jobs. "Read a few of their resumes." Right.

REASON FOR EVENT: Commencement

PLEASE ATTACH PRE-ADVANCE/WALK-THRU CALL SHEET

City/State: Dallas, TX

Event: SMU commencement

Date: May 16, 1992

OFFICE OF PRESIDENTIAL ADVANCE

CONTACT SHEET

Name	Office	Phone Number
Presidential Advance Office		202/456-7565
Presidential Advance Fax Number		202/456-2820
John Herrick	WH Advance	202/456-7565
Kris Goodwin	"	"
Michele Mix	WH Speechwriting	202/456-7750 (FAX 202/456-6218)
Richard Franco	Senior Class President	214-987-0157
Mike Perez	Physical Plant	692-3797
Bob Kavanaugh	Asst Dir DPS	692 3333
Grady Newton	DPS	692-2691
Nick Doran	DPS	692-2607
Julie Wiksten	Conference Services	692-2617
Kathleen Flatley	USSS-Dallas	767-8021
Jake Ross	Military Aide	(202) 3951747
Larry Speri	USSS / PPD	202/395-4112
Rob Creamer	Marine One Adv	703 640 2364
Mary McGinnis	Jeanne Johnson & Co.	214-526-2600
Chris Payne	" " "	"
Roland Lawrence	Athletic	214-692-2864
Valerie Bell	Lecture Programs	(214) 692-4315
SMU fax		(214) 692-3570
Jim Straight	White House Comm	202-757-2440
Brad Fugitt	" " "	(817) 782-7534
John A. Hall	SMU, University Registrar	(214) 692-2037
Jeanne P. Whitman	Public Affairs/Media Relations	214 987-7660 FAX 987-7663
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Jeanne Johnson Phillips	Consultant	214-526-2600 (h) 826-87[illegible]
Bradley Karl Cate	Chief Marshall	214-692-2522 214-416-[illegible]

LAWRENCE Swicegood ADVANCE 692-1522
Mark Sherouse SMU 692-4207
Office of the Provost
Commencement Committee Chair

To JENNIFER
Date 5/14 Time 3:45

WHILE YOU WERE OUT

M ANN Abbas
of SMU
Phone 214 987-7650
Area Code Number Extension

TELEPHONED		PLEASE CALL	X
CALLED TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		URGENT	
RETURNED YOUR CALL			

Message

Operator

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May 15, 1992

Memorandum to Jim Pinkerton

From: Michelle Vukasin MV

Re: SMU Commencement Speech

I have spoken to two other graduates of SMU about the Commencement draft, and we all agree that the opening remark about studying at "Charlie's" would not go over well. Charlie's is a restaurant located in the Student Center that is open till late at night. Its selling points are that it's accessible, cheap, and open late. Sounds good, but the bottom line is most of the students don't know about it or go there. We're afraid that most students and parents are going to be clueless.

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FROM: McGroarty Ferguson

TO: D. DeMarest
C. Martin