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(Provost/Ferguson/Grossman)

July 23, 1992

MICHIGAN

Draft One: 7:00 AM

PRESIDENTIAL REMARKS: DUTCH TWINS PLANT
WYOMING, MICHIGAN
JULY 27, 1992
12:00 PM

Thank you and good afternoon everyone.

(Acknowledgments)

Americans may not realize it when they reach for cereal on the shelves, but our food industry provides more food for less, than any other nation.

This company is one reason we are the world's leader. So I'm pleased to announce that Stu and John Vander Heide have recruited me for a national crusade. Starting today ... I will not only argue passionately that broccoli's benefits are overblown ... but that sugar wafers should be one of the four essential ingredients in a healthy diet.//

I'm told that this company was the originator of something called: "The Survival Biscuit." It was one of the tokens of the Cold War -- a bit of nourishment to fill your stomach as you huddled somewhere in a bomb shelter, in case the unthinkable became tragically real.

While it may not be great for survival biscuit sales, the Cold War is, thankfully, over. Survival biscuits have gone the way of the doomsday clock, "Failsafe" movies, and "duck and cover

2

drills." Today, America is safer than before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago, when I sat down with Boris Yeltsin and agreed to eliminate some of the world's most dangerous nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make our families more like the Waltons, and a little bit less like the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year, we are told, is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or asking how we should stand up to a bully halfway around the world. The American people need to know that the man who answers that phone has the experience, the seasoning, to do the right thing.

3

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even than that. I'm a Texan -- raised my children there, built my business there. I believe our heartbeat can be felt in places like Wyoming, Michigan ... not Washington, D.C. And so I state my claim in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice -- a choice between those who put their faith in average Americans --- and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is --- "who will care for the kids while we're working?" A few years ago, Washington wanted to help, but their idea was to rock the cradle with the heavy hand of bureaucracy. All the plans boiled down to creating some new kind of government apparatus, like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents -- not the government -- to decide whether your children are cared for in school, a relative's home, or church.

When it comes to raising children, I say: why not trust the people?

4

What about our education system? To renew America we must renew our schools, we all know this, but money alone won't do it. We already spend more money per student than almost any other country; and our kids still rank near the bottom in crucial subjects like math and science. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition, and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education, again I say: "why not trust the people?"

What about government regulation? Sure, some of it is necessary, even essential. But if you believe that there is a government solution to every problem, an alphabet agency for every issue, than you look at regulation not as a necessary evil, but as a necessary way to reign in people's evil tendencies. The results can be crazy, as this story proves.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from putting someone else's hard hat on their head. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from wearing someone else's hard hat.

5

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$13 million a year. Measurable benefit: slightly less than zero.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive, without hard hat regulation.

But can you imagine what might have happened, if these enterprising regulators had made their way into the vast, unregulated territory of lunch pails and thermos bottles?//

Some believe the solution to our problems is more government regulation. I take a different view. I've put a moratorium on new federal regulation, to give businesses like this one room to breathe, and grow and create jobs. It's a matter of trust ... of putting people ahead of government.

And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? Despite all the criticism you've heard lately, keep in mind a few facts. We are the largest economy in the world.

6

Inflation -- the Jesse James who robs the middle class of dreams -- has been put safely behind bars. The last time interest rates stayed this low, the "Brady Bunch" ^{"wasn't"} weren't even on television. Despite all the stories about our problems, our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing, it must grow faster. The question is: How? The other side suggests a simple two-part solution. First, raise government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, you already work 128 days just to pay your taxes -- before you earn a single dime to spend on your family. Does anyone want to go for 129?//

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln spoke of government "of the people, by the people, for the people." But they seem to keep saying ... of the government, by the government and for the government.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense, comprehensive plan to get this economy moving faster, right now. The plan includes tax initiatives to encourage businesses to hire new workers and breaks for young families who want to buy a first home. Half a million jobs would have been created, if Congress had acted right away.

7

But they didn't. Instead, Congress sent back what you might call an "ant-trust" program. New government spending, and new taxes.

So I sent their plan back. I'm still waiting ... almost 200 days later. This economic recovery plan is being held hostage and the ransom note reads -- "wait till after the election." Today I say to the Congress and the Senate especially, release the economy, approve this jobs program, and put America back to work ... now.//

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

You'll say, this is common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look real close at what they're proposing ... the people they put first are all on a government payroll.//

A leader of a free people must understand that government can not only help, it can hinder. He must have the confidence to say: "I trust you." I trust the people.//

And ultimately, you must decide who you trust -- who has the experience -- the ideals and ideas -- to find that delicate balance.

8

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be people whose only enthusiasm is for government -- who measure progress by programs enacted and special interests satisfied.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

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

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FACT CHECK COPY



(Provost/Ferguson/Grossman)

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Americans may not realize it when they reach for cereal on the supermarket shelves ... but our food industry ... provides more food for less ... than any other nation.

Holland America

~~Dutch Twins~~ is one reason we are a world leader. So I'm pleased to announce that ~~John Vander Heide~~ has recruited me for a national crusade. Starting today ... I will not only argue passionately that broccoli's benefits are overblown ... but that ~~(sugar wafers)~~ should be one of the four essential ingredients in a healthy diet.//

*John Vander Heide
(616) 243-0191*

Stu &

ve



This factory is a symbol of the dramatic changes that have occurred around the world.

John tells me that this company was the originator of something called ... "The Survival Biscuit." It was one of the tokens of the Cold War -- a bit of nourishment to fill your stomach as you huddled somewhere in a bomb shelter, in case the unthinkable became tragically real.

While it may not be great for survival biscuit sales ... the Cold War is, thankfully, over. Survival biscuits have gone the way of the doomsday clock, "Failsafe" movies, bomb shelters, and "duck and cover drills." Today ... America is safer than before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just ^{more than a} few months ago ... when I sat down with Boris Yeltsin and eliminated nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make our families more like the Waltons than the Simpsons. And how to take back our streets from the crack dealers and the criminals.

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And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who

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answers the phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even than that. I'm a Texan -- raised my children there, built my business. I see America as an endless tapestry of people, families and communities. Our heartbeat can be felt in places like Wyoming ... not Washington. And so I believe in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice in philosophy ... a choice between those who put their faith in average Americans ... and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago ... Washington wanted to help ... but the idea was to rock the cradle with the heavy hand of the bureaucracy. All the plans boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents ... not the government ... to decide whether ^{their} your children are cared for in a school ... a relative's home ... or in church.

April 18, 1991
Natl Educ Strategy

33% more per pup in 1991 than we did in 1981 - in real constant dollars that we've seen a 33%

When it comes to raising children ... I say: trust the parents.

What about our education system? To renew America we must renew our schools ... we all know this ... but money alone won't do it. Over the past twenty-five years, education spending has increased xx; while achievement scores have dropped by ---.

Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition ... and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education ... again I say: "trust the parents."

One more example: health care. We have the finest quality health care in the world -- but costs are through the roof.

Thirty-seven million Americans ... a population larger than the state of California ... are without coverage today, and millions more are worried about losing the coverage they have.

We have to change the system. Some propose versions of socialized medicine ... letting the federal government play doctor.

I say ... take a different way. Give tax credits so people without coverage can buy it ... and tax incentives so that small businesses can pool their resources and cover more of their

PS-3

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people.// When it comes to deciding what doctor? What hospital?
I say ... trust the people to choose.

In every case, it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- revving up our economy - - forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Keep in mind ... we are the largest economy in the world. Inflation ... the Willie Sutton who robs the middle class of dreams ... has been put safely behind bars. *Boskin*

The last time interest rates ^{*stayed*} were this low ... the Brady Bunch *Utah*
~~hadn't started repairs~~
~~wasn't even on television.~~

Despite all the stories about our problems ... our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing ... it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend

on your family. I don't think I have to ask -- does anyone want to go for 129?

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. The Constitution says we want government "of the people, by the people, for the people." But they keep wanting to say ... government of the people, by the people, on the people.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense plan to jumpstart the economy, help us over the bumps in the road.

I wanted to free up the energies of our entrepreneurs with tax cuts; ^{I wanted} to give a \$5,000 break to young couples trying to buy their first home. Here in Michigan, that \$5,000 would have been equal to ~~xx~~ ^{9 or 10} months of mortgage payments.

If they had passed it when I asked them to ... we could have created 500,000 jobs.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a raft of new spending and -- you guessed it -- new taxes.

I sent their plan back. I told them to try again. And I'm still waiting. And I'm beginning to get the distinct impression ... that the only way to get rid of the deadlock in Washington ... is to clean a little deadwood in Congress.

Send me a new Congress that will work with me ... and I'll get this economy moving faster than Desmond Howard.

*John
of News
Gov.
Engler's
office*

*WPost Business Sect F1
M Boskin
Derman*

It all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things on my own to try and jump start the economy. Earlier this year, I announced a moratorium on federal regulations -- to untangle the red tape that ties so many businesses in knots.

✓
SOTU
Jan 28

Is it necessary? Listen to this story.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

OMB
John
Morrell
x 6880

1340

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: slightly less than zero.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive ... without hard hat regulation.

eyeglasses, gloves

13 million

But can you imagine what might have happened ... if these enterprising regulator guys had made their way into the vast, territory of lunch pails and thermos bottles?

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely ... the people they put first are all on a government payroll.

A trustworthy leader of a free people must have the confidence to say: "I trust you." I trust the people.

The point is not to let people fend for themselves. Americans are a generous people; and we will never shirk our responsibilities. But help must be offered with an eye to government's power not only to help but to hinder.

And you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- no government ever created a single job ... (although it did keep Johnny Carson around for 30 years.)

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists

from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

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Thank you and God bless you.

#

Richard Fortin - VP head of
WTSC Outlook
Best selling card
Rarest card
most valuable

New claims for unemployment benefits jumped an unexpectedly sharp 19,000 in the latest week, the government said, showing persistent weakness in the labor market.

Weirton Steel said it will reduce its work force of 6,800 by 25 percent over the next five years as part of a plan to keep it competitive and ensure its long-term viability.

More news items, Page 2

French electronics firm Thomson-CSF yesterday conceded defeat in its effort to break into the U.S. defense industry and will settle for a passive 10 percent interest in a Dallas missile company the government said had too much sensitive military technology to fall under foreign control.

Under the terms of a revised agreement, New York-based Loral Corp. would buy 90 percent of LTV Corp.'s missile division, adding it to its own, much smaller missile business in Newport Beach, Calif. The combined operations, to be consolidated at LTV's facility in Texas, would have \$1.3 billion in sales and nearly 10,000 employees.

Bernard Schwartz, Loral's chairman, said

percent of the stock in the combined missile company, but will have no seats on its board of directors, no role in the company's management and no assurance of the strategic alliance that Thomson had hoped would increase its presence in the U.S. defense market.

"It's a long way from where we started, but considering the pressures, it is about as good as we are going to get," a Thomson-CSF official said yesterday. Among those pressures is a \$20 million deposit that Thomson-CSF would forfeit if it does not complete a successful purchase of the aerospace division over the next several weeks.

The proposed purchases by Loral and Thomson-CSF must be approved by a federal bankruptcy court in Manhattan, which has been over-

White House Budget Update Rips Congress

Bentsen: Review A Political Report

By Steven Mufson
Washington Post Staff Writer

Top Bush administration economic aides yesterday seized on a usually dry midyear update of budget assumptions to blast Congress for failing to adopt the president's budget proposals. Democrats accused the president of recycling the same flawed economic plan.

"If the president's full program had been adopted in 1989, we wouldn't have had the recession," said Richard G. Darman, director of the Office of Management and Budget, who said he was simply delivering the "facts." Michael J. Boskin, chairman of the President's Council of Economic Advisers, said that the economy would have generated another half-million jobs this year if Congress had passed the president's plan.

At a press conference at the White House, Darman delivered a five-minute attack against Congress, summing up by saying: "In a single sentence: The Congress has failed to deliver. There is much posturing about interests in economic growth, investment in the future, crime reduction, health reform and deficit control. But when it comes to constructive congressional action, on a scale of 0 to 10, the total is closer to zero."

Darman said, "Congressional inaction has made the deficit very much worse than it would have been had the president's program been enacted." Though the mid-session budget review is usually about 50 pages long, this year it ran over 400 pages, repeating word-for-word entire sections of the president's February budget proposal.

Sen. Lloyd Bentsen (D-Tex.), chairman of the Senate Finance Committee, responded by saying that Darman's mid-session review was "not an economic report. It's a political report." Bentsen said Democrats in Congress had not acted on the administration's plan because it was "a budget buster papered over with accounting gimmicks."

Democratic presidential nominee Bill Clinton issued a statement calling the OMB review "more of the same trickle-down economics from the White House. Instead of a serious and constructive plan for economic change, the president has recycled his old and meager tax package and sought once again to

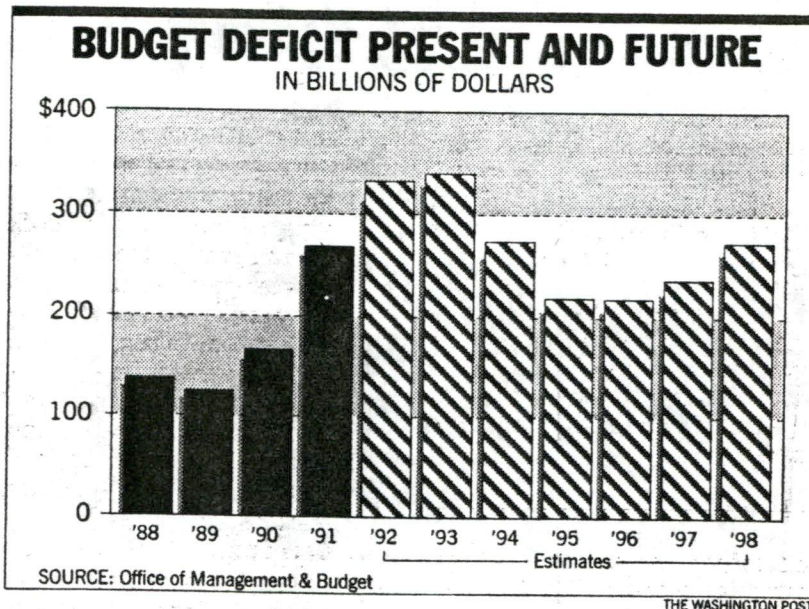
blame Congress for his failed leadership. His economic motto is clear: blame and more of the same."

For the current fiscal year, OMB said the refusal of Congress to appropriate \$46.8 billion in new money for the bailout of failed savings and loan institutions will make the deficit somewhat smaller than the administration predicted in February. Darman said that the 1992 deficit would be \$333.5 billion, \$66.2 billion less than the original forecast but still the biggest deficit in the nation's history.

The reduction in this year's deficit will make future deficits bigger. The deficit forecast by OMB for fiscal year 1994 was raised by \$62 billion to \$274.2 billion.

Despite Darman's verbal assault on Congress, the mid-session review indicates that even if Congress adopts the president's economic proposals, the deficit problem would remain. OMB's new estimates show that budget deficits are expected to

See BUDGET, F2, Col. 1



Clinton Spot-Check

By Brett D. Fr
Washington Post Staff

NEW YORK, July 2 — Business executives have reported Republican preferences, many of those who supported Ross Perot say they favor the Democratic candidates, Gov. Bill Clinton and Vice President Al Gore, rather than to Pr

Interviews with 12 supporters of Perot found that two were inclined to vote for Clinton and two for Gore, while the rest of the two leaning toward Clinton or Gore were inclined to give or raise money for Clinton. Most of the 12 supported Clinton in 1988.

The executives and also said that many of their acquaintances who had not yet decided where they were leaning toward Clinton.

Bush Ba

By Frank Sw
Washington Post Staff

The Bush administration's battle with organized labor over the Supreme Court battle over the right to work agreements from city halls to the White House to effectively bar contractors from bidding on projects worth of public contracts.

In a case that echoes the 1988 presidential election and the controversy over the port of Boston Harbor, the

BUDGET, From F1

rise sharply again at the end of the decade.

Assuming passage of the president's plan, OMB raised its budget deficit estimates to \$236.7 billion for 1997, and to \$273.4 billion for 1998. The increases are driven by expected increases in spending for Medicare, Medicaid and Social Security.

While the administration was blasting Congress, Rep. Leon Panetta (D-Calif.) unveiled a plan to eliminate the deficit over five years by cutting spending and raising taxes by a total of \$750 billion. The proposal goes far beyond anything advanced by the White House.

Darman has argued that the administration can tackle the budget deficit without raising taxes and without touching—or taxing—Social Security benefits. Yesterday, he again insisted that the deficit could be eliminated if Congress capped increases in certain spending categories to the rate of increase in the population. The cap would cover programs such as Medicare, Medicaid and other expenditures that increase without new congressional authorizations.

But while the administration has discussed such a spending cap, it has never formally proposed legislation. Nor has the administration explained what measures would be needed to bring those programs within those spending limits.

The mid-session review listed "options," most of them taken from proposals by Panetta, the Heritage Foundation or the Congressional Budget Office.

In the past, the administration has gone out of its way to avoid the appearance of endorsing those proposals. Testimony given by Darman earlier this year discussed those caps with the disclaimer that "specific options included are illustrative" and added that "inclusion of a particular option here does not necessarily imply support for such an option—and should not be construed to imply support—by the administration.

Even if the cap were put in place, however, the budget would still not be balanced according to the OMB forecast. Darman included a line that balances the budget with such a cap, but he could only do so by using more optimistic economic assumptions of economic growth of 4 percent in 1993 and 1994, and 3.2 percent in 1995 and 1996.

Those forecasts have not been endorsed by the president's Council of Economic Advisers. The CEA Chairman Boskin's latest forecasts, issued yesterday as part of the mid-session review, are for 3 percent growth from 1993 through 1995, and 2.9 percent in 1996.

Boskin also said that for the remainder of this year, the economy would not change dramatically. He said that the economy would grow 2.7 percent in 1992 and that unemployment would drop slightly, but still remain around 7.3 percent by the end of the year.

Buffett's Company Acquires Stake in General Dynamics

DYNAMICS, From F1

actions with shareholders, Anders increased the company's quarterly dividends and recently completed a buyback of 30 percent of the company's outstanding stock.

General Dynamics' stock, which was trading as low as \$24 in early 1991, has tripled in value since.

This hard-nosed emphasis on enhancing shareholder value is precisely what Buffett looks for in making his investments, according to Michael Lamb of Wealth Monitors Inc., a private research firm that often

piggybacks on Buffett's investments.

Buffett's Berkshire Hathway Corp. is a publicly traded company that operates more like a mutual fund.

In addition to General Dynamics, it has significant stakes in a number of other Washington area companies, including the Federal National Mortgage Association, Geico Corp., The Washington Post Co. and USAir Group Inc., making Buffett perhaps the most powerful investor in the local economy.

Berkshire Hathway shares yesterday closed unchanged at \$9,100.

CONSTRUCTION, From F1

eliminate any cost advantage a non-union contractor might have in competitive bidding.

In response to the administration's stand, the Association of Builders and Contractors, which represents major nonunion construction companies, announced yesterday that it was withholding its planned endorsement of President Bush for reelection.

"I want the president to know that ABC and its 16,000 member firms cannot support an individual who has turned his back on the principles of free enterprise," ABC President Steven Westra said in a prepared statement. He said the association would be contacting "a substantial number of nonmember firms and industry groups" about the administration's action, which he said was "indefensible."

The brief was filed little more than 24 hours after Westra and Joe Ivey, ABC president-elect, met at the White House with Boyden Gray, the president's chief counsel, in an eleventh-hour effort to get the administration to change its position. Charles Hawkins, ABC's legislative director, said Gray told the two men he did not think he could get the solicitor general to change his position.

In its brief, the administration argues that federal labor law does not preclude such agreements and that Congress did not intend to place restrictions on local government powers. The solicitor general asked the Supreme Court to overturn a ruling by the First Circuit Court of Appeals that the National Labor Relations Act does not allow governments to require that contractors adhere to union standards.

Vicki Bor, an attorney representing the unions in the case, called the ad-

ministration brief "a very as big a deal on this [union] for ABC."

The Supreme Court is hear oral arguments this case, *Building and Trades Council of the District v. Associated Builders and Contractors of Massachusetts Island*, and is expected to issue its decision in early next year.

'92 INFINITI



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ONLY 36 MO.

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MEMORANDUM FOR ANDY FERGUSON

FROM: JAG


SUBJECT: AVERAGE MICHIGAN MORTGAGE PAYMENTS

John Nevas on Gov. Engler's staff has given me the following information:

The average price of a Michigan home is \$90,000. The mortgage is therefore \$75,000. The monthly payment would be \$550. Therefore, our proposed \$5,000 first time homebuyers tax credit would cover 9 or 10 months of mortgage payments.

17 July 1992

MEMORANDUM FOR STEVE PROVOST
CHRISTINA MARTIN

FROM: JEANNIE BUNTON 
SUBJECT: **FACT CHECK CHANGES [UTAH]**

DNC PLATFORM: Paula Nowlankowski, dir of research at RNC [202-863-8018] said "can neither deny or confirm that the final DNC Platform as approved at convention has God in it. She said the Dems did reject referencing God in the platform during the hearing process. See attached Washington Times article.

[p. 8 staffed version]

David O. McKay quote should read:

"No other success can compensate for failure in the home."

We found that he said it, can't confirm when -- he was president of the Church of Jesus Christ of Latter Day Saints 1953-1970.

[p. 10 staffed version]

Those of you at BYU ... are here to be [delete specific reference to summer school program because that is the motto for the entire university, not just the summer school program].

MISC.

[The Brady Bunch went off the air in 1973 / re-runs started in 1976-77. So factually we're ok with that one.]

ACKS: we need to mention the BYU faculty -- according to advance there will be some faculty in audience -- 24 people on DAIS.

Richard Harrington will be at event according to advance, as well as Lt. Gov. Val Oveson, and Gov. Bangerter.

Sen. Garn is retiring this year. Sen. Hatch is not.

Agree with Gray to drop "WordPerf" ref. accomplish the same point without mentioning them specifically -- especially since there are other computer company headquarters in the Utah Valley -- this way we don't offend anyone.

"Rise and Shout" is the chorus to the BYU fight song: Rise and Shout -- the Cougars are out -- and on the trail to glory -- would prob. get a favorable response from students in audience

#####

(Provost/Ferguson/Grossman)

July 23, 1992

MICHIGAN

Draft Two

PRESIDENTIAL REMARKS: HOLLAND AMERICAN WAFER CO.
WYOMING, MICHIGAN
JULY 27, 1992
12:00 PM

Thank you and good afternoon everyone.

(Acknowledgments)

Americans may not realize it when they reach for cereal on the shelves, but our food industry provides more food for less than any other nation.

This company is one reason we are the world's leader. So I'm pleased to announce that Stu and John Vander Heide have recruited me for a national crusade. Starting today ... I will not only argue passionately that broccoli's benefits are overblown ... but that sugar wafers should be one of the four essential ingredients in a healthy diet.//

This factory is a symbol of change ... changes that have occurred around the world.

I'm told that your company was the originator of something called: "The Survival Biscuit." It was one of the tokens of the Cold War -- a bit of nourishment to fill your stomach as you huddled somewhere in a bomb shelter, in case the unthinkable became tragically real.

While it may not be great for survival biscuit sales, the Cold War is, thankfully, over. Survival biscuits have gone the way of the doomsday clock, "Failsafe" movies, bomb shelters, and "duck and cover drills." Today, America is safer than before.

Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago, when I sat down with Boris Yeltsin and agreed to eliminate some of the world's most dangerous nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make our families more like the Waltons, and less like the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year, we are told, is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who answers that phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even

than that. I'm a Texan -- raised my children there, built my business there. I see America as an endless tapestry of people, families and communities. Our heartbeat can be felt in places like Wyoming, Michigan ... not Washington, D.C. And so I believe in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice -- a choice between those who put their faith in average Americans --- and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is --- "who will care for the kids while we're working?" A few years ago, Washington wanted to help, but their idea was to rock the cradle with the heavy hand of bureaucracy. All the plans boiled down to creating some new kind of government apparatus, like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents -- not the government -- to decide whether your children are cared for in school, a relative's home, or church.

When it comes to raising children, I say: why not trust the people?

What about our education system? To renew America we must renew our schools, we all know this, but money alone won't do it.

We already spend more money per student than almost any other country; and our kids still rank near the bottom in crucial subjects like math and science. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition, and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education, again I say: "why not trust the people?"

One other example: health care. We have the finest quality health care in the world -- but costs are through the roof. Thirty-four million Americans, a population larger than the state of California, are without coverage today, and millions more are worried about losing the coverage they have.

We have to change the system. Some propose versions of socialized medicine -- letting the federal government play doctor.

I say, take a different way, and I've put forth a plan to bring health costs down. It will give tax credits so people without coverage can buy it, and incentives so that small businesses can pool their resources and cover more of their employees.//

When it comes to deciding, What doctor? What hospital? I say: why not trust the people?

What about government regulation? Sure, some of it is necessary, even essential. But if you believe that there is a government solution to every problem, an alphabet agency for every issue, than you look at regulation not as a necessary evil, but as a necessary way to reign in people's evil tendencies. The results can be crazy, as this story proves.

The time had come recently for a government agency to update its rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected wearing someone else's hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$13 million a year. Measurable benefit: slightly less than zero.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive, without hard hat regulation.

But can you imagine what might have happened, if these enterprising regulators had made their way into the vast, unregulated territory of lunch pails and thermos bottles?//

Some believe the solution to our problems is more government regulation. I take a different view. I've put a moratorium on new federal regulations, to give businesses like this one room to breathe, and grow and create jobs.

In child care, education, health care and regulation, it's a matter of trust --- trusting Americans to make their own choices.

And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Despite all the criticism you've heard lately, keep in mind a few facts. We are the largest economy in the world. Inflation, the Willie Sutton who robs the middle class of dreams, has been put safely behind bars. The last time interest rates stayed this low, the Brady Bunch hadn't even started re-runs yet. Despite all the stories about our problems, our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing, it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask -- does anyone want to go for 129?//

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln spoke of government "of the people, by the people, for the people." But they seem to keep saying ... of the government, by the government, and for the government.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense, comprehensive plan to get this economy moving faster, now..

The first sound of a strong economy is usually the sound of hammers pounding away at new homesites. So I proposed tax incentives to build new homes, and a \$5,000 break for families who want to buy their first one. Here in Michigan, that would have equalled nine months of mortgage payments on the average house.

I understand that private enterprise is the horse that pulls our wagon -- no government program ever created a real job, ((although government did keep Johnny Carson in business for 30 years)). So I proposed incentives for businesses to grow and hire. It's estimated the incentives would have spurred the creation of at least half a million jobs ... if they had been approved when I proposed them.

But they weren't approved. Instead, Congress sent back what you might call an "anti-trust" program. New government spending, and new taxes.

So I sent their plan back. I told them to try again. And I'm still waiting. But I need your help. Write Congress, tell them you want to get this economy moving again. Tell them you don't want to get the impression, that the only way to get rid of the deadlock in Washington, is by cleaning out a little deadwood in Congress.//

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

This is common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely at what they're advocating ... the people they put first are all on a government payroll.

A leader of a free people must understand that government can not only help, it can hinder. He must have the confidence to say: "I trust you." I trust the people.//

And ultimately, you must decide who you trust -- who has the experience -- the ideals and ideas -- to find that delicate balance.

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

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

#

To MICHELLE

Date _____ Time 11:16

WHILE YOU WERE OUT

M. John Yahner

of 401 3383 3000

Phone _____

Area Code	Number	Extension
TELEPHONED		PLEASE CALL <input checked="" type="checkbox"/>
CALLED TO SEE YOU		WILL CALL AGAIN <input checked="" type="checkbox"/>
WANTS TO SEE YOU		URGENT <input type="checkbox"/>

RETURNED YOUR CALL

Message He has your stats.

Operator _____

To Michele

Date _____ Time 11:35

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M. John Yahner

of _____

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Area Code	Number	Extension
TELEPHONED	<input checked="" type="checkbox"/>	PLEASE CALL <input checked="" type="checkbox"/>
CALLED TO SEE YOU		WILL CALL AGAIN <input type="checkbox"/>
WANTS TO SEE YOU		URGENT <input type="checkbox"/>

RETURNED YOUR CALL

Message _____

Operator _____



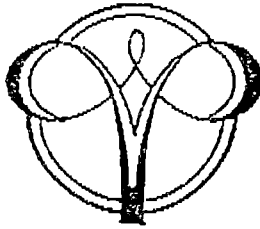
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 Date: 7-22-92

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ATTENTION: Michelle Nix or Ed Walters

FAX NUMBER: 202 456-6218

SPECIAL INSTRUCTIONS: Please call me at 414-733-8000 Room 2012 with my questions.

SENT BY: Craig Bergstrom, W.H. Press Adv.

If this transmission is scrambled or incomplete, please call The Paper Valley Hotel and Conference Center at (414) 733-8000.

WISCONSIN'S LIFELONG LEARNING AND WORKFORCE TRAINING STRATEGIES

INTRODUCTION

Wisconsin is one of the few states to implement a comprehensive plan to improve the quality of its workforce. Drawing on the recommendations of several commissions and lessons learned from our toughest international competitors, Wisconsin has emerged as the leader in developing workforce training strategies as the state revolutionizes the way young people are prepared for the world of work.

Wisconsin is currently in the midst of a major overhaul of its K-12 and adult education systems. Chief among the reforms are youth apprenticeship and tech-prep programs modeled after elements of Germany's highly-praised worker training system. These reforms will expand opportunities for the non-college bound and provide Wisconsin employers with the skilled workforce needed to compete in the high-tech world of tomorrow.

In addition, through the efforts of Governor Tommy G. Thompson, Superintendent of Public Instruction Dr. Herbert J. Grover, the state's major education associations and key legislators, Wisconsin has recently enacted legislation which sets the state on an ambitious path toward systemic education reform and realization of the national education goals. Included in this legislation are initiatives implementing statewide education goals, a comprehensive student assessment system, site-based management, and the development of a statewide uniform student transcript.

A key segment of this education reform package is the comprehensive statewide performance-based student assessment system. By 1996, Wisconsin students will participate in a third grade reading test, fourth and eighth grade skills and competency tests, and a tenth grade gateway assessment. These will be statewide standardized tests.

BACKGROUND

While the world is becoming smaller, more competitive and more complex, American young people emerge from school equipped with skills needed thirty years ago. They currently receive insufficient job training and career education and are competent only in the most basic academic skills. While other nations have sophisticated job training systems and hold all their students to high achievement standards, Americans pay inadequate attention to non-college bound students and rank at the bottom of international academic achievement tests. Since the end of World War II, expanding access to higher education has been the principle goal of public education. Therefore, non-college bound students have been provided with a weak curriculum and almost no

preparation for life after high school. Furthermore, clear performance standards have not been articulated for either the college bound or non-college bound, and methods of assessing academic performance have been avoided.

For their part, employers have found it increasingly difficult to find enough skilled workers to meet their needs as a result of these trends. While their international competitors draw on a pool of highly trained workers, American firms lack the personnel to remain competitive or expand. Already the American economy is showing the effects: high trade deficits, low productivity growth and flat earnings.

Another troubling sign for the economy is the amount of remedial instruction and training which businesses and post-secondary institutions must provide. Approximately 19 percent of Wisconsin's VTAE system's 409,000 students are enrolled in some type of remedial course, at a cost of roughly \$51 million. Of freshmen entering the University of Wisconsin System in the fall of 1990, 10 percent needed remedial instruction in English and 20 percent required remediation in mathematics. In addition, roughly one-third of workers entering Wisconsin's carpentry apprenticeship program perform unsatisfactorily on a test of basic math skills. While Wisconsin's elementary, secondary and post-secondary educational institutions rank near the top when compared to other states, we cannot be satisfied with that ranking when we know that international competitors are surpassing these standards.

Responding to these realities, Wisconsin has launched major initiatives to keep its industries competitive and provide its citizens with rewarding, high-wage jobs. A rare coalition of policymakers, educators, and business and labor leaders has been working together to implement reforms to improve the quality of Wisconsin's workforce. Following the recommendations of national reports, the Weigell and Haney commissions, and the State Superintendent of Public Instruction Dr. Herbert J. Grover's School-to-Work Initiative, the state will introduce three distinct educational options at the high school level: college prep, tech prep, and youth apprenticeship. The Youth Apprenticeship Program is patterned after Germany's highly-touted system of worker training which provides classroom training coupled with work-based education.

All students will also be required to take a tenth grade "gateway assessment", the results of which will help them plan future education and training options. For their last two years of high school, students will be able to choose either a college prep program or a youth apprenticeship program. The latter will involve a combination of technical training, either at their high school or a technical college, and actual work-based experience. Students entering this program will earn not only a high school diploma, but also a youth apprenticeship certificate of competency in a specific technical area.

STATE COMMISSION AND TASKFORCE RECOMMENDATIONS

COMMISSION ON SCHOOLS FOR THE 21ST CENTURY

Governor Thompson charged this commission with identifying a new design for education in Wisconsin for the 21st century. The commission was chaired by Ody J. Fish. Findings were issued in December, 1990.

Recommendations:

1. The success of Wisconsin schools will be measured by performance outcomes, and all schools will improve their performance.
2. All children will come to school ready to learn.
3. Parents will be fully involved in the educational process.
4. Quality education will be enhanced through community partnerships.
5. Wisconsin teachers will have the resources, preparation and encouragement to teach successfully in a results-oriented environment.
6. The learning environment will provide maximum opportunity for student success.
7. School financing policies will be fair and adequate.

GOVERNOR'S COMMISSION FOR A QUALITY WORKFORCE

Governor Thompson charged this commission with assessing the skill needs of employers and developing strategies to ensure that employers enter the 21st century with the workforce they need to compete globally. Commission membership emphasized employer participation and was chaired by Carl Weigell. Findings were issued in April, 1991.

Recommendations:

1. More Wisconsin employers must adopt new technology and methods of organizing work. To support this effort, technical colleges must facilitate employer leadership and participation in worker training and re-training.
2. Technical colleges must upgrade occupational education to meet the growing needs of employers.

3. Wisconsin's employers and workers, in partnership with the state's technical colleges, must re-skill the existing workforce for a more competitive economy.
4. Technical colleges must work with business and industry across the state to improve access to training.
5. Wisconsin's system of public education must adopt outcome-oriented, competency-based educational objectives throughout the primary and secondary grades.
6. Educators, the business community, and state policy makers must establish attainment of Certificate of Initial Mastery as a prerequisite for eligibility for employment or training opportunities for high school students.
7. Technical colleges and high schools must substantially improve alternative educational programs for students at risk of dropping out of high school and for adults in need of high school instruction.
8. High school curricula must be redesigned to prepare non-university bound students for technical careers.
9. Educators and counselors in high schools must work with employers to improve the transition from school to work for students entering the workforce directly.
10. Educators and counselors in primary and secondary schools must improve career education for all students throughout their educational experience.

TASK FORCE ON IMPLEMENTING OCCUPATIONAL OPTIONS FOR YOUTH

The task force was a joint effort of the Wisconsin Department of Public Instruction and the Wisconsin Board of Vocational, Technical and Adult Education, and was funded by the Vocational Studies Center (University of Wisconsin - Madison). The task force was charged with identifying youth issues related to occupational preparation. Membership on the task force was broad, consisting of leaders from the business, labor and education communities, and was chaired by James S. Haney. Findings were issued in March, 1991.

Recommendations:

1. Ensure that all students in Wisconsin who demonstrate competence in mastering a set of essential learner outcomes have the "right" to enroll in a comprehensive Tech-Prep program, which includes school-supervised, work-based learning experiences.

2. Revise and strengthen the Education for Employment Standard for all students in K-12, so that the skills, knowledge and attitudes taught will serve as a foundation for Tech-Prep options in the 11th and 12th grades and post-secondary technical education.
3. Support a 10th grade performance-based gateway assessment as recommended by the Commission on Schools for the 21st Century.
4. Implement in all school districts and VTAE districts by the 1995-96 school year, Tech-Prep program options consisting of the two years of secondary school preceding graduation and up to two years of post-secondary technical education, or continuation in a formal work-based learning program.
5. Encourage business, labor and employer associations to take active leadership roles in developing Tech-Prep programs and work-based learning at the local level.
6. Provide state-level leadership in addressing certification issues and implementing a professional development system which supports the implementation of the Wisconsin Tech-Prep initiative.
7. Assure that each local district administrator, VTAE district director and their respective local boards take leadership roles in forming new consortium relationships to implement Tech-Prep options.
8. Structure a regional curriculum development process which assures that each high school and technical college will develop appropriate core courses and establish dual credit and advanced standing options.
9. Encourage WBVTAE and DPI to align all currently available education and employment training funds and to seek additional public and private funds to fully implement TECH-PREP in Wisconsin.

STATE LEGISLATION

Wisconsin Act 39 - enacted on August 8, 1991.

TENTH GRADE GATEWAY ASSESSMENT

Provides funding to the Department of Public Instruction for the development of a tenth grade gateway assessment. The assessment is to be available by the 1995-96 school year.

The assessment will be multidisciplinary, incorporating core competencies such as reading, writing, computation and science. The assessment will also be performance-based, including the assessment of problem solving skills, analytical skills and critical reasoning skills.

The assessment will allow the comparison of pupil performance among school districts and measure student accomplishment.

POST-SECONDARY ENROLLMENT OPTIONS

Permits juniors and seniors in high school to attend an institution of higher education for the purpose of taking one or more courses for either high school or post-secondary credit.

Funding is provided to reimburse low-income families for whom transportation costs may present an obstacle to attending post-secondary institutions.

TECH-PREP OPTIONS

Requires all school districts in the state to establish a tech-prep program in each high school in the district. Tech-prep programs are to be designed to allow high school pupils the opportunity to gain advanced standing in vocational technical college associate degree programs (two year degrees).

Provides for collaboration between the K-12 system and the vocational technical colleges in the preparation and delivery of tech-prep programs.

Provides for the development of regional tech-prep councils to oversee the development and on-going coordination of tech-prep programs locally.

YOUTH APPRENTICESHIP PROGRAMS

Creates a Youth Apprenticeship Program in the Wisconsin Department of Industry, Labor and Human Relations, and requires the agency to cooperate with the Department of Public Instruction and the Wisconsin Board of Vocational, Technical and Adult Education to develop the program and maintain it statewide. A twelve-member Youth Apprenticeship Advisory Council is also created to advise and assist in the design and development of the program.

Local youth apprenticeship programs will be designed by a consortium of local partners, including high schools, technical colleges, employers, labor organizations, the state's apprenticeship agency and parents and students. The consortium must build on, and integrate with, ongoing or

developing curricula in the schools which meet district and state high school graduation standards. At the same time, all programs must include the following core elements:

1. Prerequisite completion of career awareness/exploration and/or Education for Employment with a career counseling component and satisfactory performance on the Tenth Grade Gateway Assessment.
2. Structured, sequenced classroom instruction linking academic and work-based learning.
3. Work-based learning that follows a systematic schedule of identified work activities.
4. Classroom instruction and work-based learning are competency-based.
5. Classroom instruction and work-based learning are integrated.
6. On-the-job training is provided by a skilled mentor.
7. On-the-job training is in a skilled occupational area.
8. Program graduates receive a state certificate of academic and occupational proficiency.
9. Those who complete the program receive a high school diploma.
10. The certificate of proficiency translates into eligibility for work experience credit in a traditional apprenticeship, advanced standing or credit in a technical college program and/or facilitated entry into a four-year college program.

EDUCATION FOR EMPLOYMENT STANDARDS

The education for employment standard requires all school districts to provide pupils access to an education for employment program. The program requires approval by the State Superintendent of Public Instruction. The purpose of the programs is to prepare elementary and secondary pupils for employment, to foster cooperation between business and industry and public schools and to establish a role for public schools in the economic development of Wisconsin communities. Education for employment programs are open to all students K-12 and include program elements such as; instruction in basic skills in general and vocational curricula, school supervised work experience, career exploration and instruction in employability skills.

Wisconsin Act 269 - enacted on April 29, 1992

EDUCATION GOALS

Directs the establishment of a fifteen-member state-level goals council to coordinate the statewide goals discussion process and the development of a state educational vision. The goals council will review proposals generated through local and regional discussions and make recommendations to the legislature on statutory changes related to statewide educational goals by September 1, 1993.

STUDENT ASSESSMENT

Establishes 8th and 10th grade concept and knowledge exams beginning in the 1992-93 academic year. Directs the State Superintendent of Public Instruction to report to the Legislature by January 1, 1994 regarding a plan for implementing a student assessment program by 1996-97 which is consistent with the statewide education goals.

THE EXECUTIVE CABINET FOR A QUALITY WORKFORCE

Wisconsin's lifelong learning and workforce training strategies are coordinated by the Executive Cabinet for a Quality Workforce, established through an executive order signed by Governor Tommy G. Thompson on September 3, 1991. The Executive Cabinet is comprised of state agency heads, as well as state leaders in education, business and labor. Their primary task is to implement the previously mentioned state legislation and task force recommendations. The Executive Cabinet fosters close cooperation between government, educators, business and labor, and allows for a coordinated, comprehensive approach to the state's workforce training needs.

The Executive Cabinet has proved to be an effective way to coordinate the efforts of several state and local government agencies and private sector groups. By the end of its first year, the Cabinet will have established youth apprenticeship programs for the printing and metalworking industries, charted a plan for revamping counseling services, and developed initiatives for the special workforce needs of the Milwaukee area.

Implementation groups appointed by the Executive Cabinet are in the process of establishing apprenticeship programs in the printing and metalworking industries. The Printing Implementation Group issued its report to the Executive Cabinet in April, 1992 and printing apprenticeships will be in place for the 1992-93 school year.

In addition, the Executive Cabinet has also appointed a Counseling Implementation Group to improve the quality of

information and guidance regarding employment and training options provided to students and workers. For a multi-tracked training system to work well, students and parents must be given detailed, up-to-date information about training and career opportunities and labor market conditions. The counseling group will recommend by September, 1992, a system to deliver this information to students and guide them in selecting future education and career pathways. This new system could exist inside or outside the public school system. The group will closely examine the highly-praised German system of career counseling centers for ideas.

BARRIERS/CHALLENGES ENCOUNTERED

It is always difficult to change long established ways of doing business. In enacting these school-to-work reforms, inertia, complacency and resistance from those with a stake in the status quo have been encountered. Thus, it was essential that the entity which coordinates the state's activity consist of individuals with the authority to work through these barriers. In Wisconsin, the Executive Cabinet for a Quality Workforce discharges this responsibility. Coordinating numerous government agencies and private groups, all with different priorities and interests, has been challenging.

There are also deep-seated notions that must be overcome regarding vocational training. Since World War II, our goal has been to expand access to higher education. Those who do not wish or are not equipped to go on to college have been given a weak curriculum and little guidance about life after school. As a result, vocational training has become less attractive, less rigorous and less connected to obtaining a rewarding, well-paying job after school.

Finally, the public must be informed of the new training options as they are implemented. Along with explaining the mechanics of the programs, the advantages of selecting these options in terms of future employment must also be conveyed.

Despite these barriers, a remarkable consensus has emerged in Wisconsin regarding the need to improve the state's workforce. Wisconsin's efforts are an excellent example of the close cooperation which must exist between government, educators, business and labor. Such cooperation has been responsible for the substantial progress already made, and is essential to ensuring the ultimate success of Wisconsin's initiatives.

(Ferguson/Grossman)
July 23, 1992
MICHIGAN
Draft One: 11:00 AM

PRESIDENTIAL REMARKS: DUTCH TWINS PLANT
WYOMING, MICHIGAN
JULY 27, 1992
XX:00 PM

*what's
name for
sugar
wafers*

(Acknowledgments)

I want to thank you for the warm reception and your kind hospitality. I was fascinated to discover, talking with John Vander Heide, that Dutch Twins was the originator of the "Survival Biscuit." I'm sure a lot of you aren't old enough to remember that. It was one of the tokens of the Cold War -- a bit of nourishment to keep you well as you huddled somewhere in a shelter, in case the unthinkable became tragically real.

Hearing about the survival biscuit reminds me of how far we've come in the past three years. The biscuit is now a relic, part of the past -- along with the doomsday clock, "Fail-safe" movies, bomb shelters, duck and cover drills. America -- her courage and strength -- have changed the world.

You may have heard a rumor to the effect that this is an election year. Change is in the air, because the country that changed the world can at last turn her undivided attention to herself, the pressing problems of education, and keeping America on the cutting edge of economic competitiveness.

So this election year is about change -- but not only about change, because change has another dimension, a flipside. It's called trust. When you get down to it, for all the punditry and pontificating, this election year is, in the most important way,

like every other: when voters go into that voting booth and pull the curtain behind them, they will vote for the candidate who has the kind of character they can trust.

And that's the way it should be. Sometimes, in the White House late at night, the phone rings. Sometimes it's a young aide double-checking the next day's schedule. Other times, it's something else -- a coup in a powerful country, the invasion of an ally halfway around the world. The American people need to know that the man who picks up the phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even than that. I'm a Texan -- raised my children there, built my business there -- and in those years I learned that leadership involves something else: the leader of a great nation must learn to trust the people.

That's what these momentous, world-wide changes have been about. A new generation of leaders, from Moscow to Managua, have learned that the people themselves -- not the government -- must be trusted to make those most important decisions in their lives.

This is the purely American idea that has changed the world. And it's the one issue that puts a campaign into sharp focus. Not just: Who do the American people trust? But: Who trusts the American people?

Not everybody does. For three and a half years, I've come up against them -- folks who think government, not the people, should make the big choices.

Let me tell you what I mean. Start with the basics -- home and family.

When I took office, I pledged to help those who needed help with child care. There were a lot of ideas floating around about how to do this -- and almost every one of them involved creating some brave new child-care bureaucracy run from Washington, dictating what kind of care your children could receive. I said: Trust the people. Americans themselves can make these decisions. We won that fight. Our landmark child care bill let's you, not the government, choose who cares for your kids.

Education -- everyone knows we need to change American education. Over the last xx years, education spending has increased xx; achievement scores are half what they were. Again: a lot of ideas floating around, most of them to pump more tax money into a system that has failed utterly. I've said let's try something revolutionary. Let's trust the people -- open up the education system to competition. Let's trust parents to choose their children's schools.

Another example: health care. We've got the finest quality health care in the world -- bar none -- but costs are through the roof. 37 million Americans are without coverage, and millions more are worried about losing the coverage they have.

*Except
Switzerland
and
most per
people*

Some people see this problem and propose increasing the government's control over health care -- socialized medicine, putting the same people who run the post office in charge of our hospitals and doctor's offices. With my comprehensive health care proposal, I've said: Let's try something new. Let's trust the people. Increase access to care, control costs, and, just as important, preserve the quality of care and the right of people to choose who gives them health care.

In every case, it's a matter of trust -- trusting Americans to make their own choices. The people we're up against seem to have forgotten the most American proposition of all: the government works for the people, not the other way around.

And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea is not only a nuisance; it can be downright dangerous.

Especially right now. The revolutions of the last few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Our country, with two hundred years of free enterprise under its belt, is uniquely placed to take advantage of these great global challenges. We are the largest, most prosperous economy the world has ever seen. The American worker is the most productive in the world -- 30 percent more productive than his Japanese counterpart. His purchasing power is the highest in the world. Our industrial base is the largest. Our science and technology is the envy of all our competitors.

The transition to this new world of open economic markets isn't easy -- for us, or for our competitors. {Japanese stock market down 30 percent.} Too many Americans have given half their lives to a company, only to wonder whether the next mail will bring a pink slip. Too many have worked to send their kids through college, only to find that graduates can't get a good job.

But some people look on hard times and have a strange reaction. They say the economic solution must involve two things above all others: First, let's increase government spending! And then: Let's raise taxes! Sometimes it seems every problem is just an excuse to take the noble phrase, "government of, by, and for the people" and add a new clause: "government on the people."

Now most economists would tell you this is just plain crazy. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend on your kids. Only a sadist would want to increase that burden.

But -- and this is the strange part -- if you look at it from another perspective, their perspective, the talk of big spending and higher taxes makes a certain kind of sense. They honestly believe that with all their access to the latest econometric data, their infintely subtle charts and graphs and out-year projections -- they honestly think that they can spend money more wisely, more efficiently, than the people who earn it.

They're hard to dissuade. I'll give you an example. In January I proposed a common sense plan to jumpstart the economy, help us over the bumps in the road. I wanted to free up the creative energies of our entrepreneurs with tax cuts; to give a \$5,000 break to young couples trying to buy their first home. Here in Michigan, that \$5,000 would have been equal to xx months of mortgage payments on the average new home.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a whole raft of new spending and -- you guessed it -- a huge tax increase.

I said: Forget it. I sent their plan back.

It's a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things to free up the economy on my own. Earlier this year, I announced a moratorium on new federal regulations -- to get frivolous regulations off the backs of business.

Now, every regulation is done with the best of intentions. And of course, the federal government has tremendous responsibilities in the area of health and safety and the environment -- those responsibilities are also a matter of trust, and I will never betray that trust.

But good intentions don't justify the micromanaging of American workers and American business from Washington. I'll tell you a story.

It's the kind of thing that can only happen in Washington. The time had come for a government agency to update it's rules on hardhats. That's right: hard hats. And someone in that agency decided that infected hard hats had come to be a problem -- even though there wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: none.

*Richard
Porter
O'Connell's
Office*

Luckily, this story has a happy ending, but only because we were there to give it one. My White House competitiveness council caught the regulation before it hit the books, and said: We don't think so.

The rule never hit the books.

I hate to think what the [micromanagers] would do if they ever got a free hand -- into the vast, unregulated territory of lunch pails and thermos bottles.

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government service for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world. You'll hear it most often in the phrase: "Trust me": Trust me to choose your kids' schools, trust me to choose your doctor, trust me to regulate your child's daycare, trust me to tell when to clean your hard hat.

But a trustworthy leader of a free people must have the confidence use the word this way: "I trust you."

The point is not to let people fend for themselves. Americans are a generous people; and we will never shirk our responsibilities to help those who need help. [Youth Apprenticeship Act] But help must be offered with an eye to government's power not only to help but to hinder.

And you must decide who you trust -- who has the experience, the philosophical moorings -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- that the most powerful economy in the history of the world wasn't fashioned around a conference table in Washington, where experts gabbled and bureaucrats scribbled. It was determined right here -- right here -- on the shop floor and in the board room and in the research lab, where free men and women weighed the odds, made the decisions, and took the risks.

Yes, America will change, just as it has changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank. The answers won't come from the bureaucratic warrens inside the Beltway, and heaven knows they won't come from a committee room on Capitol Hill.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift

every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product line. It's going to be the computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you.

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(Ferguson/Grossman)
July 23, 1992
MICHIGAN
Draft One: 11:00 AM

PRESIDENTIAL REMARKS: DUTCH TWINS PLANT
WYOMING, MICHIGAN
JULY 27, 1992
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Noon

Thank you and good afternoon everyone.

(Acknowledgments)

Americans may not realize it when they reach for cereal on the supermarket shelves ... but our food industry ... provides more food for less ... than any other nation.

Dutch Twins is one reason we are a world leader. So I'm pleased to announce that John Vander Heide has recruited me for a national crusade. Starting today ... I will not only argue passionately that broccolli's benefits are overblown ... but that (sugar wafers) should be one of the four essential ingredients in a healthy diet.//

This factory is a symbol of the dramatic changes that have occurred around the world.

John tells me that this company was the originator of something called ... "The Survival Biscuit." It was one of the tokens of the Cold War -- a bit of nourishment to fill your stomach as you huddled somewhere in a bomb shelter, in case the unthinkable became tragically real.

While it may not be great for survival biscuit sales ... the Cold War is, thankfully, over. Survival biscuits have gone the way of the doomsday clock, "Failsafe" movies, bomb shelters, and "duck and cover drills." Today ... America is safer than before. Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few months ago ... when I sat down with Boris Yeltsin and eliminated nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make our families more like the Waltons than the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year ... we are told ... is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other in history. When you go into that voting booth and pull the curtain behind you: "trust" matters.


And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who

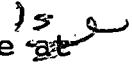
answers the phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even than that. I'm a Texan -- raised my children there, built my business. I see America as an endless tapestry of people, families and communities. Our heartbeat can be felt in places like Wyoming ... not Washington. And so I believe in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice in philosophy ... a choice between those who put their faith in average Americans ... and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago ... Washington wanted to help ... but the idea was to rock the cradle with the heavy hand of the bureaucracy. All the plan^s  boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents ... not the government ... to decide whether your children are cared for in a school ... a relative^s  at home ... or in church.

When it comes to raising children ... I say: trust the parents.

What about our education system? To renew America we must renew our schools ... we all know this ... but money alone won't do it. Over the past twenty-five years, education spending has increased xx; while achievement scores have dropped by ---. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition ... and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education ... again I say: "trust the parents."

One more example: health care. We have the finest quality health care in the world -- but costs are through the roof. Thirty-seven million Americans ... a population larger than the state of California ... are without coverage today, and millions more are worried about losing the coverage they have.

We have to change the system. Some propose versions of socialized medicine ... letting the federal government play doctor.

I say ... take a different way. Give tax credits so people without coverage can buy it ... and tax incentives so that small businesses can pool their resources and cover more of their

people.// When comes to deciding what doctor? what hospital? I say ... trust the people to choose.

In every case, it's a matter of trust -- trusting Americans to make their own choices. And when it comes to the most pressing issue of this election year -- ~~revving~~ ^{up} our economy -- forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Keep in mind ... we are the largest economy in the world. Inflation ... the Willie Sutton who robs the middle class of dreams ... has been put safely behind bars. The last time interest rates were this low ... the Brady Bunch wasn't even on television. Despite all the stories about our problems ... our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing ... it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask ~~who~~^{---g} does anyone want to go for 129?

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. The Constitution says we want government "of the people, by the people, for the people." But they keep wanting to say ... government of the people, by the people, on the people.

They're hard to dissuade. I'll give you an example. In January I proposed a common-sense plan to jumpstart the economy, help us over the bumps in the road. I wanted to free up the energies of our entrepreneurs with tax cuts; to give a \$5,000 break to young couples trying to buy their first home. Here in Michigan, that \$5,000 would have been equal to xx months of mortgage payments.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a raft of new spending and -- you guessed it -- new taxes.

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It's a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things on my own to try and jump start the economy. Earlier this year, I announced a

moratorium on federal regulations -- to untangle the red tape that ties so many businesses in knots.

Is it necessary? Listen to this story.

The time had come recently for a government agency to update it's rules on hardhats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hardhats. The alarms went off. The bureaucratic blood boiled. One small fact ^{was} that overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: slightly less.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive ... without hardhat regulation.

But can you imagine what might have happened ... if these enterprising regulator guys had made their way into the vast, territory of lunch pails and thermos bottles?

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent

their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely ... the people they put first are all on a government payroll.

A trustworthy leader of a free people must have the confidence to say: "I trust you." I trust the people.

The point is not to let people fend for themselves. Americans are a generous people; and we will never shirk our responsibilities. But help must be offered with an eye to government's power not only to help but to hinder.

And you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- no government ever created a single job ... (although it did ^{keep} Johnny Carson around for 30 years.)

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Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

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(Provost/Ferguson/Grossman)

July 23, 1992

MICHIGAN

Draft One: 7:00 AM

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WYOMING, MICHIGAN
JULY 27, 1992
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The most difficult question many parents face is ... "who will care for the kids while we're working?" A few years ago ... Washington wanted to help ... but the idea was to rock the cradle with the heavy hand of the bureaucracy. All the plans boiled down to creating some new kind of government apparatus ... like a Pentagon for child care.

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But while our economy is growing ... it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend

on your family. I don't think I have to ask -- does anyone want to go for 129?

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They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense plan to jumpstart the economy, help us over the bumps in the road.

I wanted to free up the energies of our entrepreneurs with tax cuts; to give a \$5,000 break to young couples trying to buy their first home. Here in Michigan, that \$5,000 would have been equal to xx months of mortgage payments.

If they had passed it when I asked them to ... we could have created 500,000 jobs.

So I sent my plan up to Capitol Hill. And I probably don't have to tell you what I got back: a raft of new spending and -- you guessed it -- new taxes.

I sent their plan back. I told them to try again. And I'm still waiting. And I'm beginning to get the distinct impression ... that the only way to get rid of the deadlock in Washington ... is to clean a little deadwood in Congress.

Send me a new Congress that will work with me ... and I'll get this economy moving faster than Desmond Howard.

It all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

Fortunately, I've been able to do some things on my own to try and jump start the economy. Earlier this year, I announced a moratorium on federal regulations -- to untangle the red tape that ties so many businesses in knots.

Is it necessary? Listen to this story.

The time had come recently for a government agency to update it's rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected from a hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$60 million a year. Measurable benefit: slightly less.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive ... without hard hat regulation.

But can you imagine what might have happened ... if these enterprising regulator guys had made their way into the vast, territory of lunch pails and thermos bottles?

You'll say this is all common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely ... the people they put first are all on a government payroll.

A trustworthy leader of a free people must have the confidence to say: "I trust you." I trust the people.

The point is not to let people fend for themselves. Americans are a generous people; and we will never shirk our responsibilities. But help must be offered with an eye to government's power not only to help but to hinder.

And you must decide who you trust -- who has the experience, the ideals and ideas -- to find that delicate balance.

It must be someone who understands the essential fact of American prosperity -- no government ever created a single job ... (although it did keep Johnny Carson around for 30 years.)

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists

from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

Thank you and God bless you.

#

July 23, 1992

MEMORANDUM FOR ANDY FERGUSON

FROM: MICHELE NIX

SUBJECT: PREADVANCE INFO

WISCONSIN

POTUS will speak at approx. 2 p.m. to an audience of 700 employees. Governor Thompson will probably introduce him. Approx. 9-16 kids between the ages of 15-18 years old will be at the event. They are participating in the kick-off of this Apprenticeship program. They will spend 3 days on the floor and 2 days in the classroom. He will do a brief tour of the kids work stations before his speech.

Outlook has produced George Bush baseball cards and will present him with an uncut sheet of the cards at the event. The cards show him at age 3, 10, as a flight crew member, in a cockpit, with his family in Texas, as a young Congressman, as Veep, at KP, as a grandpa, as a "leader," and a few others. Ed suggested POTUS could say, "Oh, know, I hope they don't have my college stats on there" or some such remark.

This event was supposed to be in Appleton but Banta dissed POTUS because they didn't want to kick off the program when he came -- so they moved it to Neenah, WI, home of Outlook.

MICHIGAN

Ed is pretty sure the sugar wafers are just referred to as Dutch Twins (Assorted Sugar Wafers). I'll check tomorrow.

POTUS will speak at noon in front of 600 people (employees and community business leaders). He will speak in the new wing, which is still empty, but being readied for use. The old factory part of the factory will be visible behind him. The company is experiencing growth and is very excited about the new wing.

POTUS will tour the plant, make his way to the middle of the plant floor, have lunch with the workers and then speak. He will probably be introduced by the Gov.

The sugar wafer people told ED: People here do not understand how Congress works, how POTUS works with Congress, why it is so hard for the President to get anything accomplished. The guy Ed

talked to suggested the President tell them how government works.
"We're plain, simple folk."

JOKE IDEA: This plant makes other things -- like granola (which POTUS eats every day); they also make lo-fat granola (Ed suggested: "Maybe my opponent should try some of that!" Hee Hee.)

Also, the site is bigtime on the Greenbay Packers; Vince Lombardi is their hero.

✓ Doug Price

WISC

10yr Apprenticeship p

Superintendent of
Dr. Herbert Grosser Public Instruct
is a Democrat
working w/ Republican
Program

This program high skill
high wage jobs
has trained them
Chicken Gluckers

"This program trains kids for
high skill, high wage jobs.
Clinton's plan trains them to
be chicken gluckers."

1ST STORY of Level 1 printed in FULL format.

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Federal News Service

MARCH 15, 1990, THURSDAY

SECTION: COMMERCE & TRADE

LENGTH: 3885 words

HEADLINE: CB

EX-IM BANK CONFERENCE FOR
EXPORTERS AND COMMERCIAL BANKERS

SPEAKER: MICHAEL BOSKIN

CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS

RE: ECONOMICS IN A CHANGING GLOBAL ENVIRONMENT

MODERATOR: JOHN MACOMBER, CHAIRMAN

EXPORT-IMPORT BANK

CAPITAL HILTON

KEYWORD:

EX-IM BANK CONF.-03/15/90 BOSKIN

BODY:

MR. BOSKIN: Thanks for that gracious introduction, John. I'll try not to disappoint you with speaking too much economics in my remarks. I'll try to keep them in English as well. Because we're getting started a hair late I'll even dispense with the usual economics joke that I do when I address an audience such as this. I don't think the subject of our economy, the changing global economy and recent events warrant a joke at this stage.

I want to do three things quickly so we can have an opportunity to take a few questions before the hour is up. First I want to talk a little bit about where the economy is, where it's likely to go. Second, I want to speak a little bit about the administration's overall economic policy principles and policy goals. Third, I want to share with you a perspective on the world economy, some opportunities and challenges ahead.

I think the first place to start is to remind ourselves of a few basic facts which seem to get lost in the discussion, including a lot of negative discussion, about where the economy is and where it's been going. The United States economy is the largest, strongest, most productive economy in the world. With less than 5 percent of the world's population we've produced 26 percent of the world GNP. We're more than 2-1/2 times larger than the second largest economy in the world, which is Japan. Our standing of living, our GNP per capita is one-third higher than that, say, in West Germany or Japan or the other so-called advanced economies we tend to compare ourselves with.

The economy has had a remarkable economic expansion. 87 months of economic expansion, a peacetime record in the entire history of the United States. To be honest the data only go back to 1854. We don't have data from colonial times to 1854. There are some people who say that because an expansion is long it must end soon, that the economy will run out of gas, run out of steam or have a crash landing.

Well, I'm getting a little tired of these transportation analogies. I can say absolutely without doubt, every study by every economist of all stripes and persuasions leads me to conclude that economic expansions do not come with preset expiration dates. There is no need for an economic expansion to end, this one in particular, any time soon. It didn't run out of gas when it hit

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the length of the second longest expansion. It can and we do expect it to continue for some time to come.

The expansion has been remarkable. We've created 21.6 million jobs since the expansion began at the end of 1982. That's more jobs than were created in all of Western Europe, Canada and Japan in the same period with their much larger combined population. GNP is up 32 percent, after adjusting for inflation, and personal income after taxes and inflation around 30 percent. All that tremendous economic achievement is attributed to the vitality, dynamism and flexibility of our economy, which has been buffeted in the '80s, obviously, by some major economic events -- large swings in the dollar in the mid-'80s, tremendous technological changes and challenges from abroad.

Let's spend one minute talking about what happened in the last year. In 1989, real GNP grew about two and a half percent, not as robust as the extremely rapid rate in '87 and '88 -- solid performance, weak at the end of the year, as we had been predicting. We had been predicting that late '89, early '90 would be the slowest time for the economy, and that as 1990 progressed the economy would improve. I'll come back to that in a second.

We added two and a half million jobs in 1989. This group in particular will appreciate the fact that exports rose to a record level, \$625 billion in 1989, and the US once again became the world's number one exporter, a title we had lost, hopefully only temporarily to West Germany.

The unemployment rate today, and indeed on average for all of us 1989, 5.3 percent, is the lowest since 1973, and that prosperity has been spread widely. The unemployment rate for blacks and teenagers is the lowest since the early 1970s; for Hispanics since we began keeping separate records on Hispanics; for women, for adult women, the lowest since 1969, and for the first time since World War II for the last several years, the unemployment rate for adult women in the United States has been relatively undistinguishable for that for adult men, whereas previously the unemployment rate for women had been substantially higher. That's a strong economy continuing its progress.

The economy, however, has slowed some late '89 and early '90, particularly the industrial sector of the economy. We all know, for example, about automobiles. As I said, we believe that will reverse itself and the economy will progress as the year continues. But we cannot take continued economic growth for granted. And we cannot be complacent about our role as a world leader, whether that's in exports or in any other arena. That is why the administration places achieving the highest sustainable rate of economic growth as its number one domestic priority. Economic growth sounds like an abstraction, right? What does a high, solid rate of continued economic growth mean? It means improved living standards for our population, employment opportunities not only for new entrants to the labor force, but for people seeking upward economic and social mobility, a better legacy of prosperity to our children, the ability to uplift those most in need, and the maintenance of American leadership in the world.

The administration has fashioned a growth agenda. That growth agenda follows from our basic economic principles. We believe that the true engine of economic growth must remain the private sector of the economy. And while there is an appropriate role for government to play, setting a proper playing field, rules of the game, and in some cases, financial support. And we need to make sure we have a healthy environment in which the private sector of our economy can prosper and compete.

We support a monetary policy which not only sustains economic growth but predictably controls inflation. It's a milestone in this very long, solid, important, record-breaking economic expansion that inflation has not accelerated. It has remained steady in the 4 to 4.5 percent range. That's the first economic expansion since World War II where inflation did not accelerate

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federal government borrowing, and our level of investment.

These impediments we face abroad, unfair competition, are things we should be working hard to remove even if we had a trade surplus. But we'd be kidding ourselves if we thought that dealing with those problems alone is going to make a large difference to our overall trade balance. That we're going to have to do at home by reducing the budget deficit, by increasing our own productivity, by improving our education system and so on.

Let me say a word or two more about the government's role and then take a few questions. We believe that our economy has opportunities and challenges, and we don't want to remain complacent. Sometimes that means more federal spending, as in R&D, sometimes it means a tax change, attack on the deficit, trade policy vigorously enforced. But the federal government sometimes has a role in dealing with national problems in ways other than just more federal spending, and education is a very important component of that, a very good example.

The United States spends more per capita -- per pupil rather, per pupil on K through 12 elementary and secondary education than any advanced economy in the world except Switzerland. And what do we get out? Not nearly enough. The president, with the nation's governors, has forged, for the first time, a set of national education performance goals released recently in Washington. So that by the year 2000 we have revamped our education system and we're getting the performance, the output, the quality future labor force we need. Because we won't be able to remain competitive in the twenty-first century, to be a world leader and a great nation and an economic power with a second class, ill-equipped labor force. And in the increase in the interdependent world economy, we're going to increasingly need workers with greater skills, and workers with the skills to adapt to change throughout their lifetime.

It's of fundamental importance. It is primarily a state and local responsibility. It's also primarily where the funding comes from and will continue to come from, but through a partnership with the governors, we can galvanize every student, every teacher, every principal, every school board, every mayor, every governor to revamp our education system through flexibility, through choice, through accountability to focus on the performance of our students as they work their way through the school system and come out.

I'll say a word about regulatory policy and conclude with a remark about changes in the world and throw it open to questions. In regulatory policy, our goal is to avoid unnecessary regulation, deregulate where economically and socially desirable; for example, last year natural gas at the wellhead.

But where regulation is necessary, for example in the environment, we mean to do so in a way that sensibly balances the gains, in this case a healthier environment, with the cost, the need for a strong, robust economy, and do so with mechanisms that allow workers and firms a maximum of flexibility to achieve performance goals in the way that disrupts them the least, minimizes the cost to rate-payers if it's utilities, the disruption of lost jobs if it's the auto industry adjusting and so on. We have good examples of that that we have pushed, and we are prevailing on in many measures in the new clean air proposals working their way through Congress.

Let me finally conclude with a word about the remarkable changes in the world. In Central America, in Central and Eastern Europe freedom is rising up. We've seen the Berlin Wall come down. We've seen country after country in a matter of months move toward, if not yet democratic capitalism, pluralism and democracy in market reforms and more market-oriented economies.

I have a particularly personal side to that. Eighteen months ago I was a professor at Stanford, as John told you, teaching principles of economics to freshmen, explaining why centrally-planned economies don't work. Now I find myself doing the same thing to foreign ministers and finance ministers and

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prime ministers from Central and Eastern European economies.

We live in remarkable times, and there are tremendous opportunities for Americans. If EC-92 goes properly, we'll have tremendous opportunities for American business in Europe, working in one market rather than 12 separate ones. And we're carefully monitoring that to make sure that in the final resolution as they complete the second half of the directives they not only are free internally, but they are outwardly, externally open-minded, not closing their borders. We have opportunities in Eastern Europe. We have opportunities in our own hemisphere for new and expanded markets in an era where once again expanded world trade will lead world economic growth. The single greatest contribution to the economic growth of the entire world, since World War II, has been the development of an open rule base for liberal trading system, the reduction in tariffs in the Kennedy and Tokyo rounds of the GATT, and so on. We need to strengthen our resolve to do that, and we can live in a world where it's not a zero sum game, where despite fierce competition from our trading partners, the entire world can benefit from expanded trade and expanded economic growth. So when I look forward to the 1990s, it's with optimism, it's with hope, it's with the notion that these are opportunities much more than threats. And I'll leave you with that. I wish you good luck on all of your achievements, all of your opportunities and all of your business. I know with John Macomber and the Ex-Im Bank that you guys would be doing a terrific job in competing and leading throughout the world. Let me leave it at that and take a few questions. Thank you all very much for your attention. (Applause.)

I couldn't have been so clear or so opaque that there are no questions.

MR. MACOMBER: Oh, don't worry, don't worry. Right in front.

MR. BOSKIN: Yes, sir.

Q (Off mike.)

MR. BOSKIN: The question is, could I elaborate on our basic trade imbalances being macroeconomic in character?

If a country saves less than it invests, or produces less than it consumes, it has to make up the difference by importing from abroad, and will therefore wind up financing it by inflows of foreign capital. So, our basic trade, our basic multilateral trade problem is that we don't save enough, we -- the government borrows too much, personal savings too low, relative to our rate of investment, relative to other economies. I think, to give some parameters to this, I remember Congressman Gephardt in the 1988 election campaign saying that he thought unfair practices amounted to 10 or 15 percent of our trade problem. There are various studies that would put it in that ballpark, or a little lower, or something.

But again, even if we had a trade surplus we ought to be dealing with unfair practices. Unfair practice is something we should do away with, we should level the playing field even if the United States were running a trade surplus.

Another way to think about that is, you guys have been in the export business for a long time. Do you think, I mean, there were barriers prior to 1981 when we were -- when we ran surpluses. The huge increase in our trade deficit cannot -- between '81 and '87, cannot plausibly be explained by a -- a quadrupling or a hundred fold increase in those kinds of barriers; and the substantial -- although not enough -- improvement since then can't be explained by those barriers falling all over. So if that puts it in perspective, maybe that's a simple way of explaining it. Yes, sir?

Q (Off mike.)

MR. BOSKIN: The question is: Given recent events in Eastern Europe, what do I think of the current level of funding the administration has asked for, some of which we received -- some new funds we were asking for.

First of all, you have to understand that we are working not only ourselves,

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as the expansion progressed.

We've had a productivity rebound part way from the abysmal performance of the '70s to the headier days of the '50s and '60s. Fiscal policy: we must not mislead ourselves. Too many people seem to me have become complacent about the budget deficit. They argue that because we have not had an economic apocalypse, a horrible bout of inflation, or a collapse of the economy, that large budget deficits can be sustained for an indefinite period of time, perhaps by borrowing from abroad, which puts severe pressure on our external balance, including our trade. I don't buy that view, and neither does the President.

We must continue to make steady progress to reducing the budget deficit. We must change our attitudes. The federal government must no longer continue to be, year after year, a chronic borrower draining the nation's scarce supply of saving, driving up the cost of capital and impairing our nation's competitiveness, dampening investment and retarding economic growth. Reducing the budget deficit is the surest way to raise the nation's saving rate, so that Americans finance a larger investment in the United States and abroad. It's not just the size of the budget deficit that matters, though. It's what you spend it on and how you raise the revenue. And we have some important principles we've laid out there, too. We have a record high level of spending proposed for research and development, doubling the budget of the National Science Foundation by 1993 -- new advances in space, superconducting supercollider and elsewhere.

The federal government must play a role in supporting the basic research and development that has broad societal benefits that no single firm would have in its own self-interest the incentive to undertake, because the returns are so broad, the private firm cannot appropriate them. We want to tilt spending more toward investment in our future, and less toward consumption today.

We believe it's important that we restructure our tax system. The gains in the 1980s of establishing the principle of a broad tax base with very low tax rates is one we whole-heartedly endorse and support and intend to maintain. We believe with respect to capital formation we've got some problems. We believe it is desirable to spur entrepreneurial activity, to expand investment and risk-taking, to expand job creation, new industries, new technologies, to restore a capital gains tax differential.

We believe it is essential, if America is going to compete in technology-driven industries, that we make the R&D tax credit permanent. R&D is a long-term investment process, and it's very difficult to count on a tax credit which is voted on year after year about whether it will be renewed. We have a new family saving plan to encourage saving for pre-retirement objectives, which we'd like to see Congress move on as well. That's fiscal policy.

In trade policy we have severe trade frictions with a variety of countries. Japan has been the one that has been most in the news of late for a variety of reasons. It is the second largest economy in the world. Those are important problems. We must remember our basic goal, however. I'll come back to those problems in a second. Our goal is to lead the world to freer and fairer trade. We want a level playing field of open markets, not closed markets. We're not going to remain competitive and become more competitive by refusing to compete. Our primary goal through the Uruguay Round of the GATT is to bring 15 areas not well covered that cause problems for the rule-based trading system and for many -- for our exporters into that rule-based trading system by protecting intellectual property, agriculture and other areas. 15 of them.

It's important to understand, however, that our basic trade problems, our external imbalance, our trade deficit, our current account deficit is primarily a macroeconomic phenomenon reflecting an imbalance between how much Americans save, including the amount of it drained away by the government sector through

27 Weekly Comp. Pres. Doc. 1773

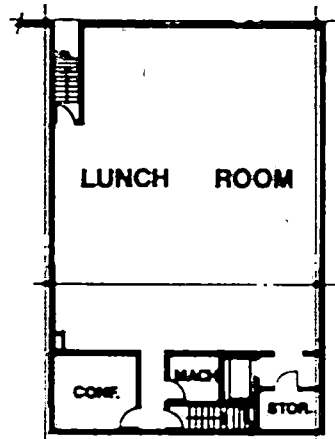
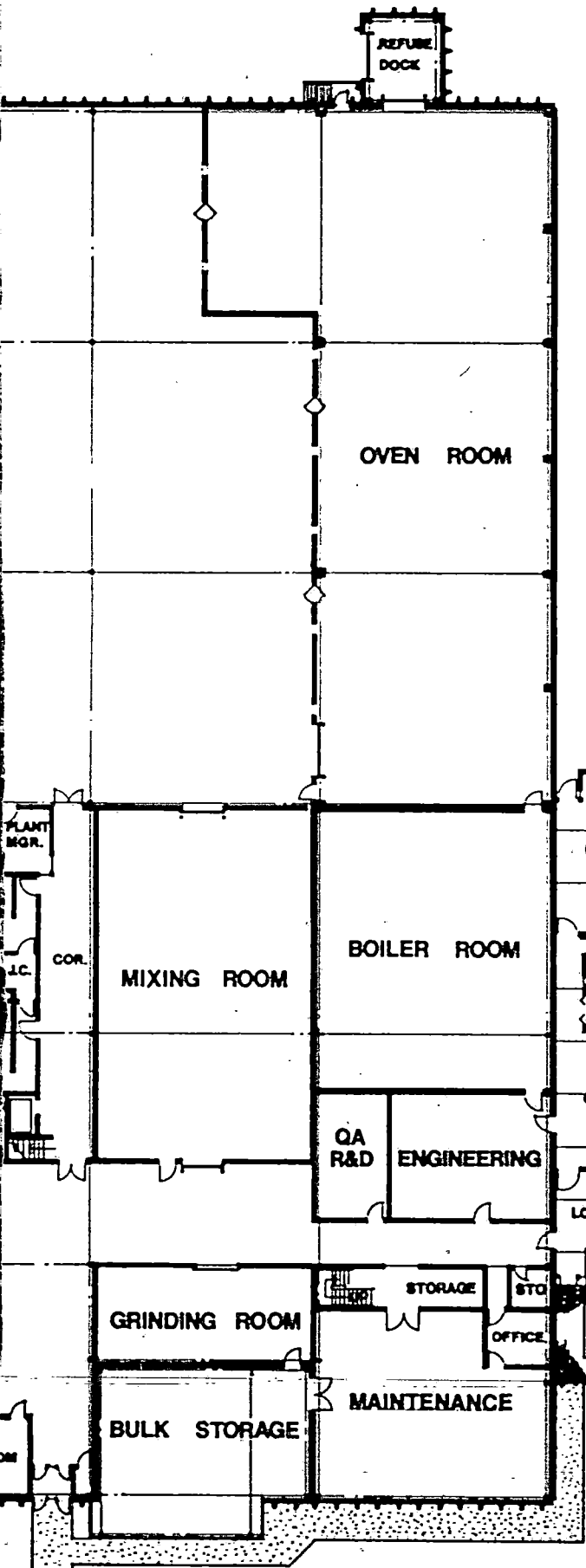
right into the communities itself. And that isn't a function of money.

We're spending more per capita on kids than almost any other country in the world, and we still rank 13th in math and science. So our education goals that include things like ready to learn, that means more for Head Start, which we can help at the Federal level -- more in math and science. "You're never too old to learn" is one of the goals. And we're talking there, of course, about adult education. All of these goals can be implemented without seriously raising taxes, raising taxes at all, or seriously increasing spending for a specific program.

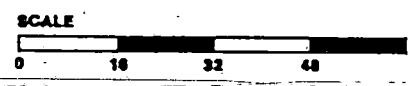
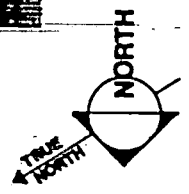
So my answer to you is we will continue. We will be ...

... it. She spends almost all her time out there, extracurricular time, helping people, inspiring people to read, teaching parents to read to their kids. The Federal Government can't do that.

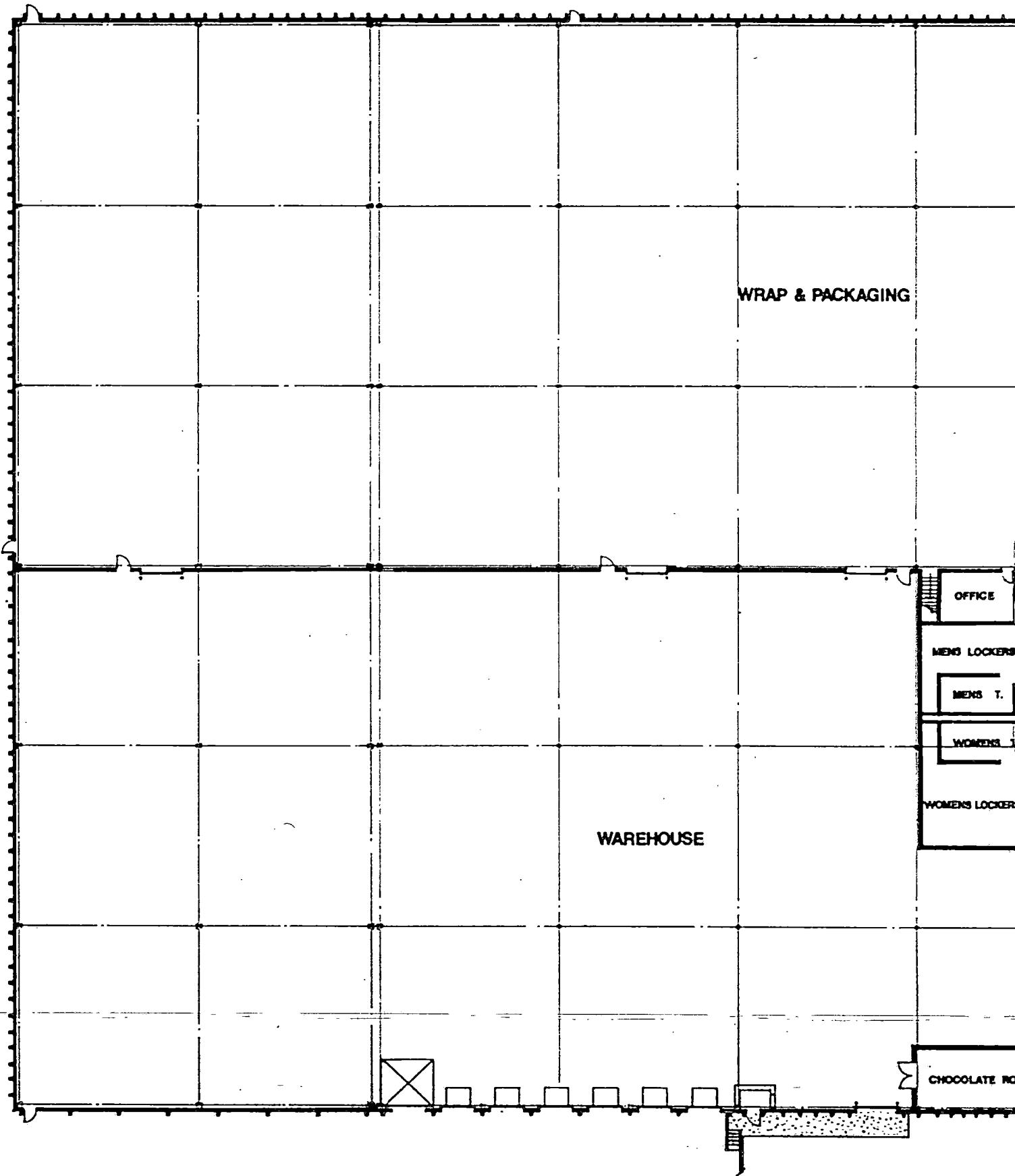
So we've got a good education program. Whoever sent the question up, Frank, you're right on target that we've got to do better. But I believe we can, and I believe this is one area that we're on the way to radical ...



MEZZANINE PLAN
(ABOVE TOILET ROOMS)



HOLLAND AMERICAN WAFER COMPANY
WYOMING, MICHIGAN



WRAP & PACKAGING

WAREHOUSE

OFFICE

MENS LOCKERS

MENS T.

WOMENS T.

WOMENS LOCKERS

CHOCOLATE ROOM

Date: July 22, 1992
To: Jennifer Grossman
From: Stuart Vander Heide

Page 1 of 2

HOLLAND AMERICAN WAFER COMPANY

FAX (616) 243-0342

3300 Roger B. Chaffee Memorial Dr., S.E.

Grand Rapids, Michigan 49548-2367

Telephone (616) 243-0191

MESSAGE:

Following is additional information on Holland American Wafer Company, one of its associates, and our discretionary bonus program.

More information will follow.

If you have any questions, please feel free to contact Stuart Vander Heide or Tim Mabie at (616) 243-0191.

Thank you!

Tom Huizingh

Holland American Wafer Company is a growing family of 370 associates. Our success is based in our people, the American worker. That our associates are hard-working and quality minded is a given. What sets us apart as an organization is the American values we all embrace. These values include kindness, commitment, and a strong sense of family.

Michael Miller has been an associate at Holland American Wafer Company for 13 years. His Mother, Rachel Miller, retired from the company in February of 1992 after 40 years of service. Approximately four years ago, Mike was diagnosed with Multiple Sclerosis. As a father of three and the primary wage earner in his family, Mike has bravely battled this dreadful disease to maintain a perfect attendance record for the past three years. In December of 1990 when Mike's health was at a low point and it became a struggle just to get out of bed, our associates organized a food and dollar drive amongst his co-workers and presented Mike and his family with a heartfelt and generous Christmas gift. It is typical of the support our associates can draw from the company and their co-workers.

Holland American Wafer Company works to perpetrate a sense of family and teamwork. It is truly a case where we are all in this together, and we share equally in the struggles and the successes. The company maintains a quarterly bonus program that percentage wise is paid on an equal basis to all associates. The bonus is based on company performance and profitability, and through the hard work of our associates it has become a steady, reliable benefit.

It is through the work ethic and craftsmanship of our associates that we have been able to create 100 new jobs over the past year and are looking to add 75-100 more in the coming year. For Holland American Wafer Company the future offers us a challenge that we know we can meet.

Date: July 22, 1992
To: Jennifer Grossman
From: Stuart Vander Heide

Page 1 of 9

HOLLAND AMERICAN WAFER COMPANY

FAX (616) 243-0342

3300 Roger B. Chaffee Memorial Dr., S.E.

Grand Rapids, Michigan 49548-2367

Telephone (616) 243-0191

MESSAGE:

Following this cover sheet is an informational summary of Holland American Wafer Company, along with a 1979 "Snack Food" article on our company.

We are working on information on special interest items regarding our associates, as well as information regarding our unusual discretionary bonus plan and our attendance recognition and award program. This information will follow shortly.

Thank you!

HOLLAND AMERICAN WAFER COMPANY

I. COMPANY HISTORY:

Holland American Wafer Company was started in 1919 and shortly thereafter moved to 1823 S. Division for a period of 58 years. During that period, there was a number of land purchases and building additions which enabled it to grow to 35,000 square feet on two stories. Its continued growth resulted in the need for a move to a larger location. In 1978, Holland American Wafer moved to 3300 Roger B. Chaffee Memorial Drive into a new 76,000 square foot building on 10 acres of land. In 1984, the company added 25,000 more square feet, one half of which is new production area and the other half is warehousing space. The addition supported increased production capacity and entry into cereal bar production. In 1991, seven more loading docks were installed along with cereal production capabilities. During the summer of 1992 we are building a 35,100 square foot addition to our 101,000 square foot plant.

The company markets its products throughout the United States with better than 85% of its sales going to places outside of Michigan.

II. CORPORATE PHILOSOPHY:

The goal of Holland American Wafer Company is to grow through technical superiority in the baking of sugar wafers, cereal bars, cereal and other related foods. We seek to fill the needs and desires of consumers in their purchase of food products. We feel that this field of endeavor offers a good rate of return on invested capital if these goals are diligently pursued and the day-to-day management of the business is effectively executed. Our goal of maximizing the return on invested capital co-exists with the goal to return dividends via a company wide discretionary bonus program that rewards human effort. Human effort is essential in the support of capital employed. These goals can only exist when they are in harmony with the goals of the society in which we live, particularly society's goals pertaining to food safety.

The baking of sugar wafers requires special machinery and this has been the long-time expertise of our company. In the pursuit of making more and better wafer products, our company moved to its new location in 1978, and since that time, has had the best environment in which to make wafer products that exists anywhere in the world today. This environment includes temperature and relative humidity controls in the food production areas. This environment led our company into cereal bar manufacturing, and later, cereal manufacturing. Additionally, we have licensing agreements in the Netherlands and Canada for the manufacture of cereal bars.

III. PRODUCTS MANUFACTURED BY HOLLAND AMERICAN WAFER COMPANY:

A. Wafer Products:

We continue to grow in the cookie market by our manufacture of sugar wafers and wafer products. We make products under our own label (Dutch Twins), private label (for grocery chains) and contract manufacturing (for some of the largest cookie marketers).

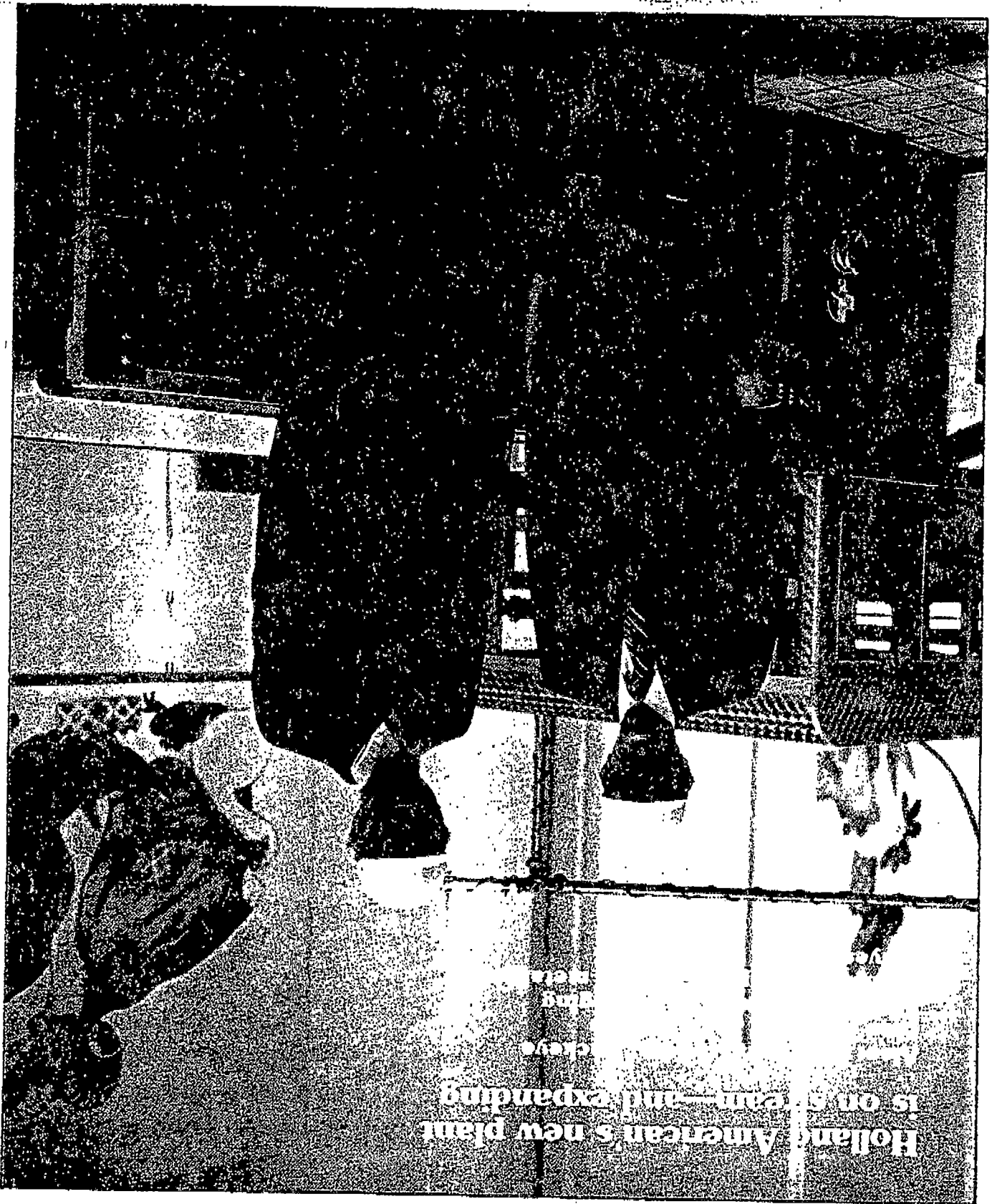
B. Cereal Bars:

The cereal bar market has had ups and downs and a great deal of turbulence since the early eighties. We maintain a presence in the market with our label "Nutra Break", a small amount of private label, and two products under a contract manufacturing agreement. The technology we have learned and the contacts we have made have developed two new sales potentials:

1. Licensing agreements
2. Cereal manufacturing

C. Cereal:

The cereal part of our business resulted from our good performance in contract manufacturing and because we have equipment that is particularly well suited for specialized cereal products. We have developed another important asset in our move into cereal production. The speed of project completion of new and state-of-the-art processing technology is an accomplishment of our people!



Holland American's new plant
 is on stream—and expanding


 HARCOURT BRACE JOVANOVIH PUBLICATIONS
snack food
 FEBRUARY 1979 • \$2.00

PROCESSING/PACKAGING/MARKETING

HOLLAND AMERICAN'S NEW PLANT COMES ON STREAM; MORE CAPACITY PLANNED

After only a few months since start-up, Grand Rapids, Mich., sugar wafer producer is planning additional capacity

By Jerry Hess, Editor

Holland American Wafer Co.'s new home is as bright and cheery on the inside as its earth-tone brick facade is attractive on the outside.

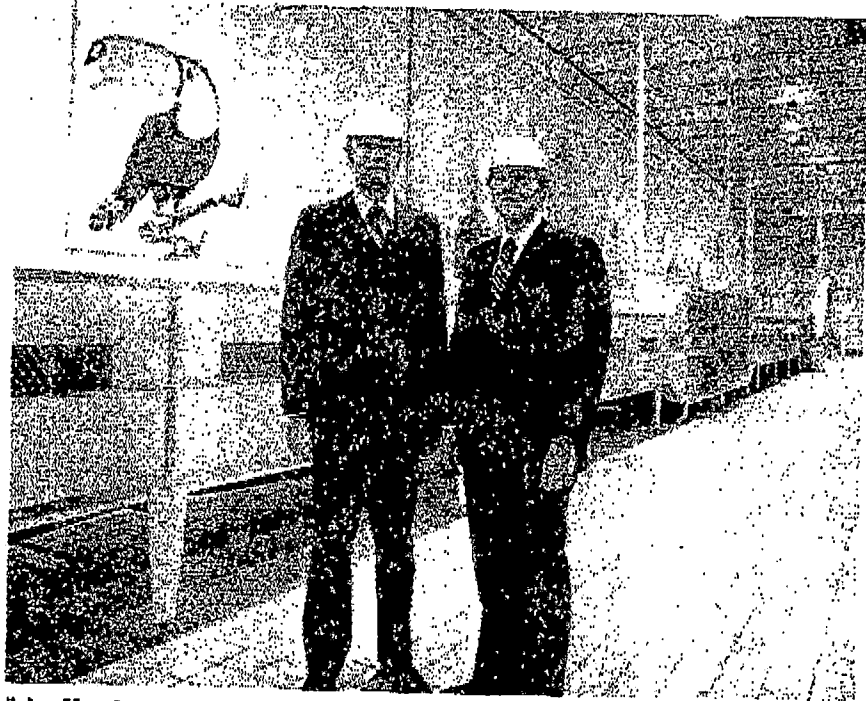
What's more important, the \$2 million facility (\$3 million counting equipment) provides the Grand Rapids, Mich., firm's young management team, John Vander Heide, Jr., president, and Stuart Vander Heide, executive vp, the production capacity and flexibility needed to satisfy ever-changing marketing demands.

Production of sugar wafers, the firm's only product, has increased about a third since start up early last fall. An additional two ovens will be installed sometime this year or 1980 to bring total production up another 100% over production at its former facility. Current annual production is measured at about 15,000 tons.

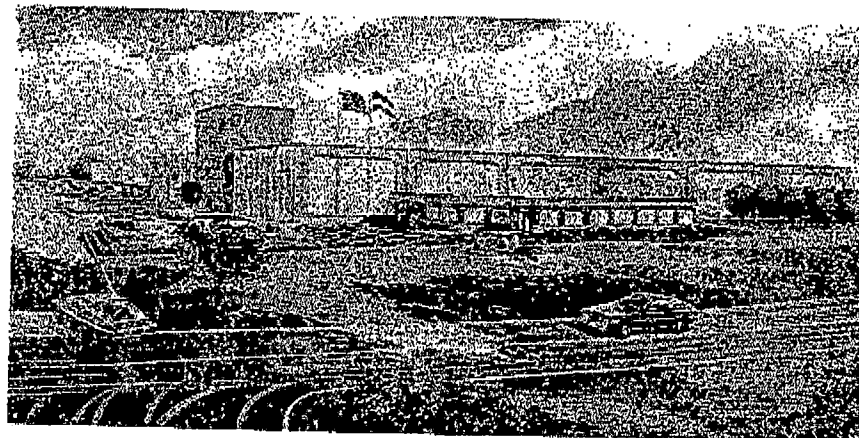
Located in a new industrial park in southeast Grand Rapids, it is the only plant in the U.S. with a continuous wafer production system. (Most produce wafers on sheets from plate ovens.)

Visitors to the plant, especially children on tours, are delighted with the Willy Wonka Chocolate Factory-like effect achieved by the bright cartoon-style murals which adorn the walls of the production area. They are also impressed with the modernistic decor of the office and administrative areas. These feature the concept of the open office environment championed by some leading office design manufacturers who headquarter in the predominantly Dutch Michigan city.

All of this is a dream come true for John Vander Heide, Sr., patriarch of the 60-year-old family business and respected biscuit industry dean, who serves as chairman of the board. He currently takes a less active role in business matters, and is enjoying



John Vander Heide, Jr., left, and brother, Stuart, are shown in the production area of their new plant. Behind them is the cooling tunnel of the firm's new chocolate enrober.



An artist's rendering of the new plant. Snow was so deep in Grand Rapids that a suitable outside view of the plant was not obtainable.

Holland American is the sole U.S. manufacturer using a European-style continuous wafer system.

Florida's sunshine to escape Michigan's harsh winter while recuperating from recent surgery. (Snowfall in Grand Rapids had exceeded 80 in. by mid-January.) Nevertheless, his opinions are still sought on important decisions.

Energy conservation

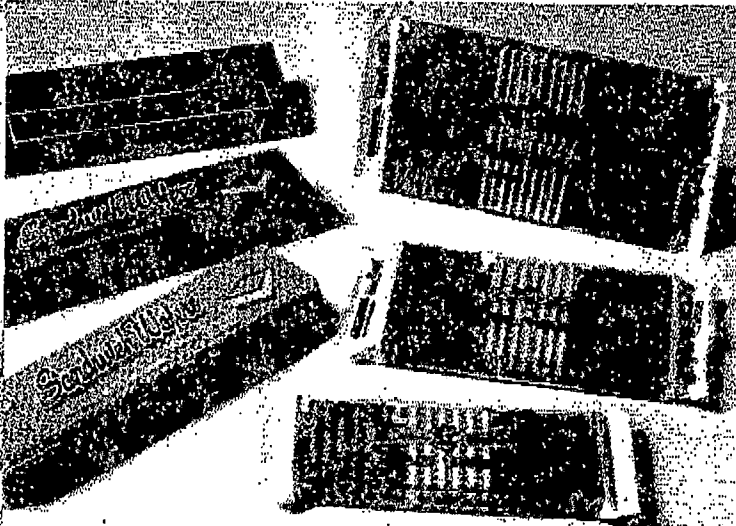
Holland American's new baking facility incorporates a redesign of its burner system to reduce natural gas

consumption by 40%. This is accomplished by the installation of radiant and convection burners and use of modern electronic controls which ensure more efficient combustion.

The building is believed to be the best insulated manufacturing facility in Western Michigan, according to the Vander Heides. The concrete wall panels are like a sandwich with a 2½-in. styrofoam on the inside. The

roof features 4-in styrofoam covered with a rubber membrane. Over this, stones hold the membrane in place. The loosely-laid system makes it easy to add additional insulation at a later date if desired.

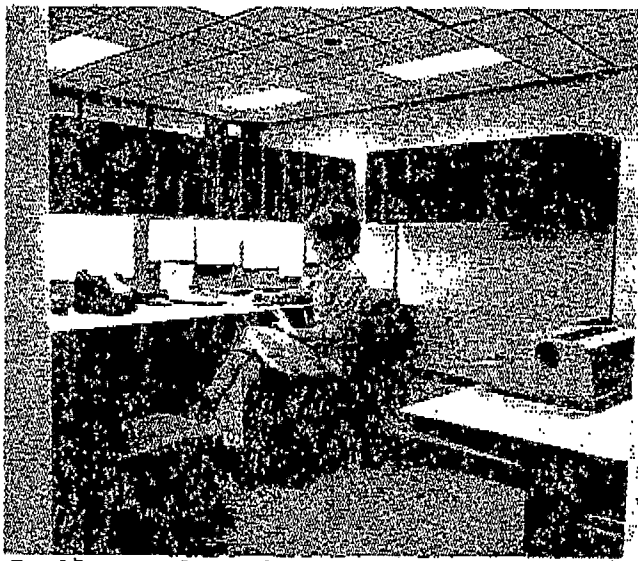
The 76,000 sq ft structure (71,000 for manufacturing, etc. and 5000 for offices) was designed with the ultimate goal of reclaiming all the heat from the firm's ovens. Consumption of gas for space heating is now lower



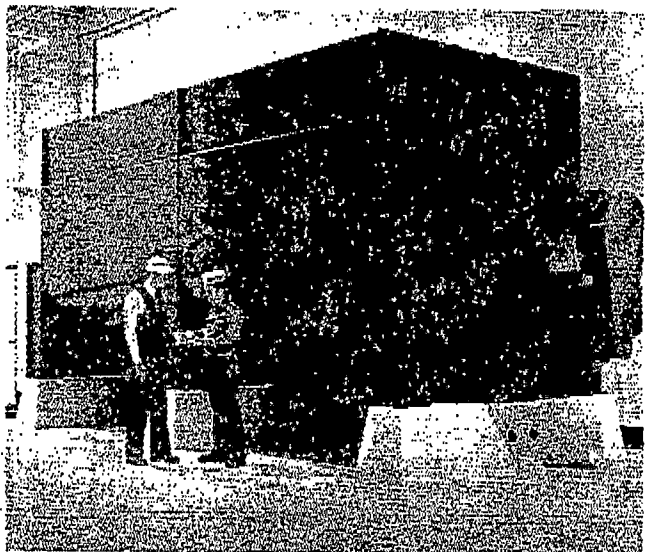
The Dutch Twins brand of sugar wafers marketed by Holland American. It also produces a substantial amount of private label wafers.



The firm's cafeteria which overlooks the production area.



Carol Lowry, sales service manager, in her office. Office furniture was designed by Herman Miller, Zeeland, Mich.



Tim Molefy, left, purchasing agent, and Bill Dreuke, shipping supervisor, confer in front of the 100,000-lb bulk chocolate tank, manufactured by Blommer Machinery Co., Chicago.

than at the former facility in spite of the fact that it is three times as large in cubic feet. This is achieved by the location of the ovens next to the boiler and equipment room.

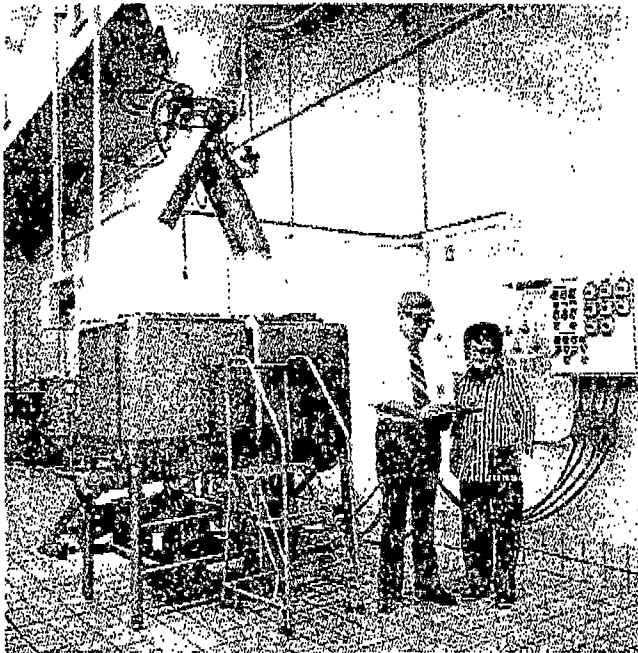
New and the old

Exercising typical Dutch frugality, Holland American Wafer is using a mixture of the new, the old and the retrofitted in its plant. Most of the new equipment is found in the mixing

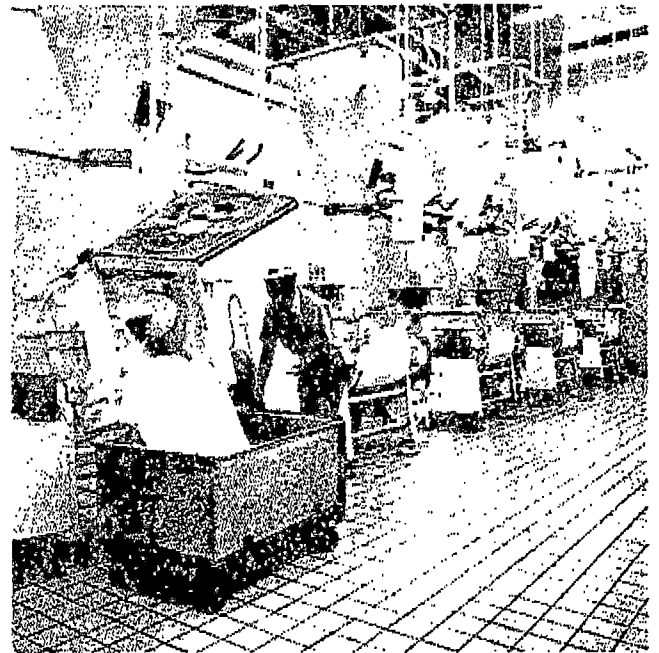
department, where both batter for the wafers and creme for the fillings are prepared. This equipment was designed and built by the Fred Pfennig Co., Columbus, Ohio, represented by Jim Tiefenthaler of Tiefenthaler Machinery Co., Milwaukee.

The system consists of bulk tanks (125,000 lb) for corn sugar (dextrose), flour and sugar, blending tanks (sugar and dextrose), blowers, flour sifters, use bins, weigh hoppers above the

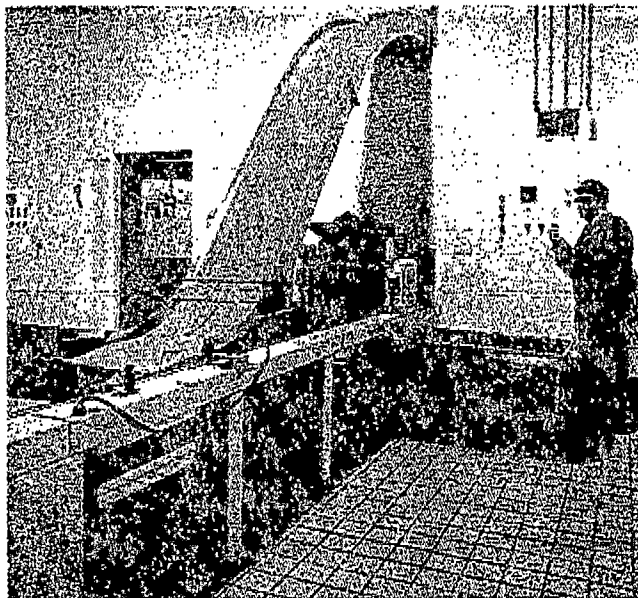
batter and creme mixers, and related auxiliary equipment. Holland American Wafer grinds its own powdered sugar from granulated, as do most bulk users of powdered sugar. The latter equipment is manufactured by W.J. Fitzpatrick Co., Chicago. A new 100,000-lb chocolate bulk tank was supplied by Blommer Machinery, Chicago, and a new chocolate enrober was purchased from Richard Frisse Co., represented by Werner Lehara,



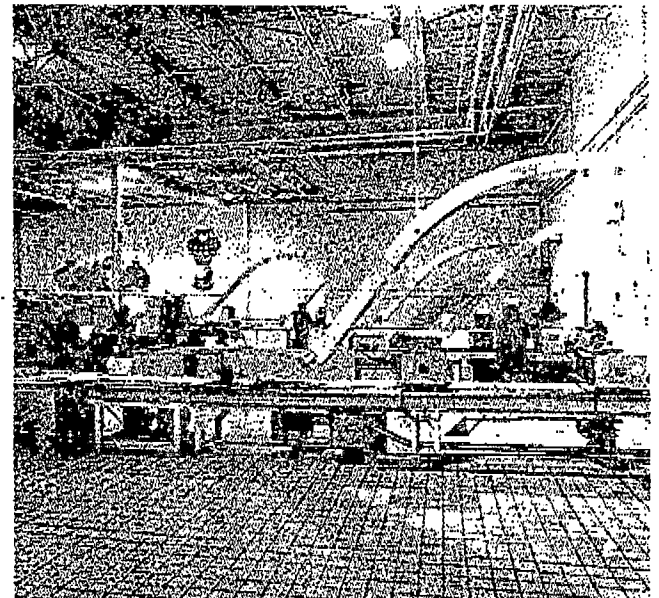
Flour equipment was supplied by Fred D. Pfennig Co., Columbus, Ohio; mixers by Norman Machinery Co. Discussing the production schedule are Guy Heintzleman, assistant plant manager, and Leona Fields, batter mixer.



Bulk sugar equipment at Holland American was supplied by Pfennig, represented by Tiefenthaler Machinery Co., Milwaukee.



Don DeRoad, plant manager, adjusts the speed of the continuous wafers emerging from the oven room.



Several of Holland American's continuous wafer lines are shown.

Sugar wafer equipment has been adapted by Holland American to fit its own special requirements.

Inc., Grand Rapids.

The creme filling mixers (J.H. Day) were transferred from the former location along with one of the old batter mixers (Norman Machinery Co.) In addition, a new batter mixer (Norman) was purchased so both plants could be operated.

Holland-American Wafer currently is running four oven lines, plus a plate oven for the waffle-style sugar wafers. Three of the four lines have two ovens to the line and the fourth one has three. The latter system is one that was obtained from a leading confectionery manufacturer when it phased out of wafer production. This machine was completely rebuilt by Holland American's engineering department to suit its requirements. All of the ovens are originally from the European continent where the continuous wafer baking concept was pioneered.

Wafer production

Here is the step-by-step wafer production process at Holland American:

Sugar and dextrose are first pre-blended and then transferred to the sugar grinder, moving from there by vacuum to the holding (use) bin. The

mixture is then blown pneumatically to the weigh hoppers above each of the filling mixers. At that point, these ingredients are in a closed-loop system, with the ingredients flowing from the holding tank to the different weigh hoppers and back again.

The ovens serving each of the lines produce a continuous stream of wafer sheets (24 hours a day.) One forms the top of the wafer sandwich and the other the bottom. After the bottom sheet is spread with creme filling, the top sheet converges with it to form the sandwich. They are cut in 11-in and 12-in. lengths and fed into a wafer wirecut machine, then packed off in glassine-lined boxes.

Holland American Wafer has a total of seven wrappers in its packaging department. Most packaging consists of cellophane overwrapped plastic trays. Strawberry, vanilla and chocolate flavors are generally combined in various size assortments for maximum eye and flavor appeal. While this is advantageous from a marketing standpoint, it does necessitate packing off in boxes and later manual placement into plastic trays. The Vander Heides have some ideas

on how this procedure could be automated in a straight-through operation. But for now they want to make sure their present operation is running smoothly.

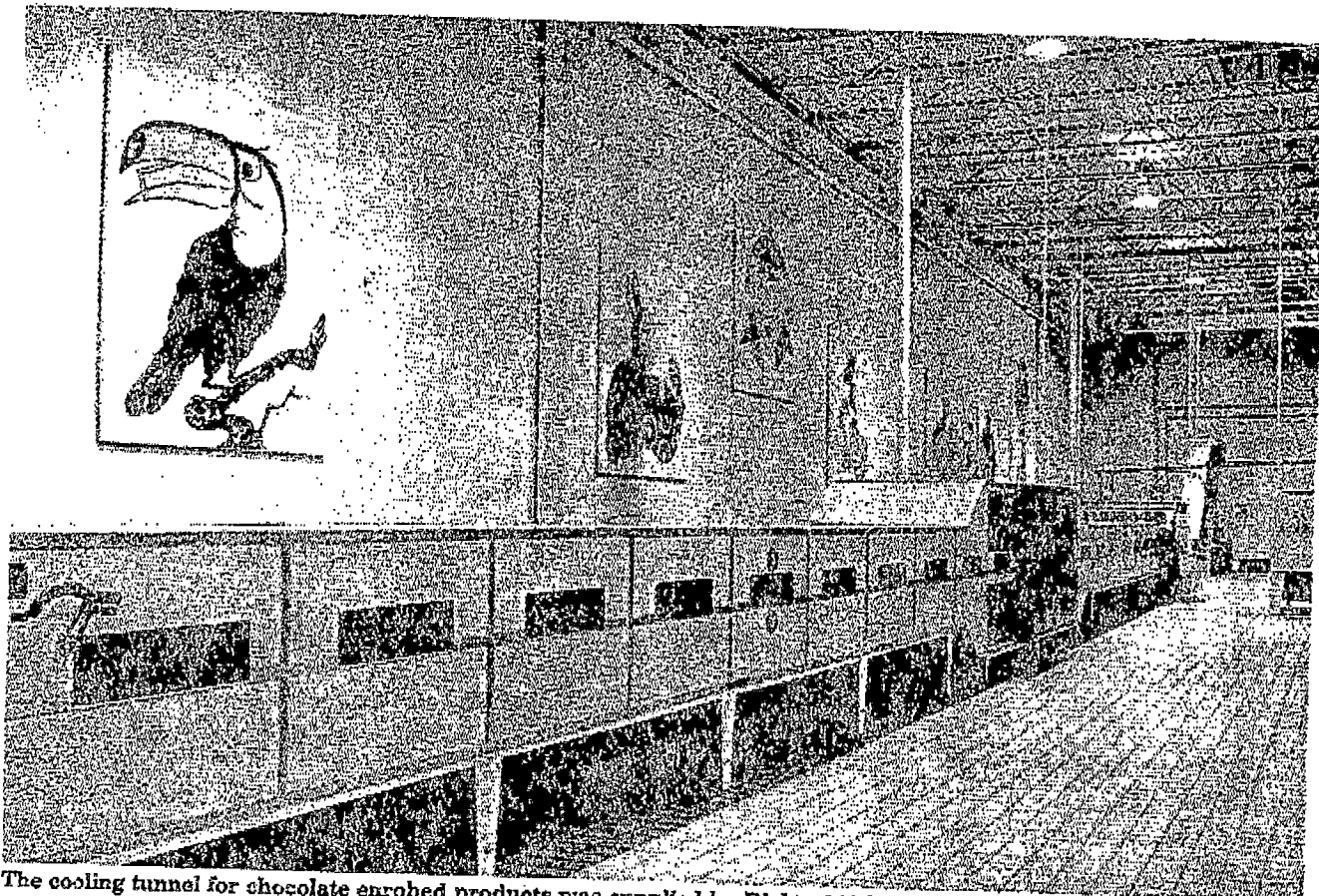
Because the production of sugar wafers is such a specialized procedure, Holland-American often has had to adapt commercial equipment, particularly ovens, to its own requirements.

"It's been necessary," points out John Vander Heide, Jr., "because we've seen a need for improvement. So we've contacted different people, discussed the problem with them and have re-engineered different parts of the equipment so that we believe it is better than originally designed."

Marketing flexibility

The Vander Heides strongly believe their new plant ultimately will give them maximum flexibility and definite marketing advantages as they look into what they feel sure is a future with strong potential.

"It gives the incentive to be constantly on the lookout for where new products or new markets might be developed," says John. "This might



The cooling tunnel for chocolate enrobed products was supplied by Richard Frisse Co., West Germany, represented by Werner Lehara of Grand Rapids. The colorful murals on the walls of the production room were drawn by a sister of the building designer.

encompass a lot of different things. We want to make sure we keep as flexible as possible in our operation to find out where that has to be.

"Flexibility—that's been one of our key words all along, even in dealing with sugar wafer products themselves," he adds. "We offer different sizes, several different flavor combinations or whatever is necessary to fit the type of market we're trying to sell. For example, biscuit distributors may have needs for a certain size or retail price that may be totally different from some of the other businesses. But we don't feel we can, in our position, try to standardize on just a couple of items and say, 'That's it.' We want to have the flexibility to move with the markets."

The wafer challenge

Producing a good sugar wafer presents an exciting challenge, in the Vander Heides' view. A key is to produce one that is crisp and tender, and resists picking up moisture. For this reason, the new facility is both humidity and temperature controlled. Making a creme filling which has good "eatability" also is important, they emphasize.

"The real difference in wafer baking as compared with other types of cookie baking," explains John, "is that you are baking something between hot metal surfaces rather than in a hot chamber. It's an entirely different process. Therefore, a person who knows how to bake a good chocolate chip cookie, for example, may not be familiar with how to make a good sugar wafer shell, and vice versa. There is a certain degree of science to wafer baking, but the challenge comes from knowing your own equipment, tailor-making a formula for your batter that fits your equipment best and having the trained personnel who know their equipment and who know what changes might have to be made to counteract for minor variations that might occur. So it's a different state of the art than what you would find in managing the average cookie production plant."

Holland American's commitment to a continuous production process—compared with a sheet-type system prevalent in other plants—was made by the firm after years of experimentation and development, John points out.

"We believe it produces a better, more consistent product than is possible with another type of oven. That's not to say that the others don't make a good product. But being able to compare the two we believe, for all the different reasons we find important, that this system consistently does a better and more efficient job."

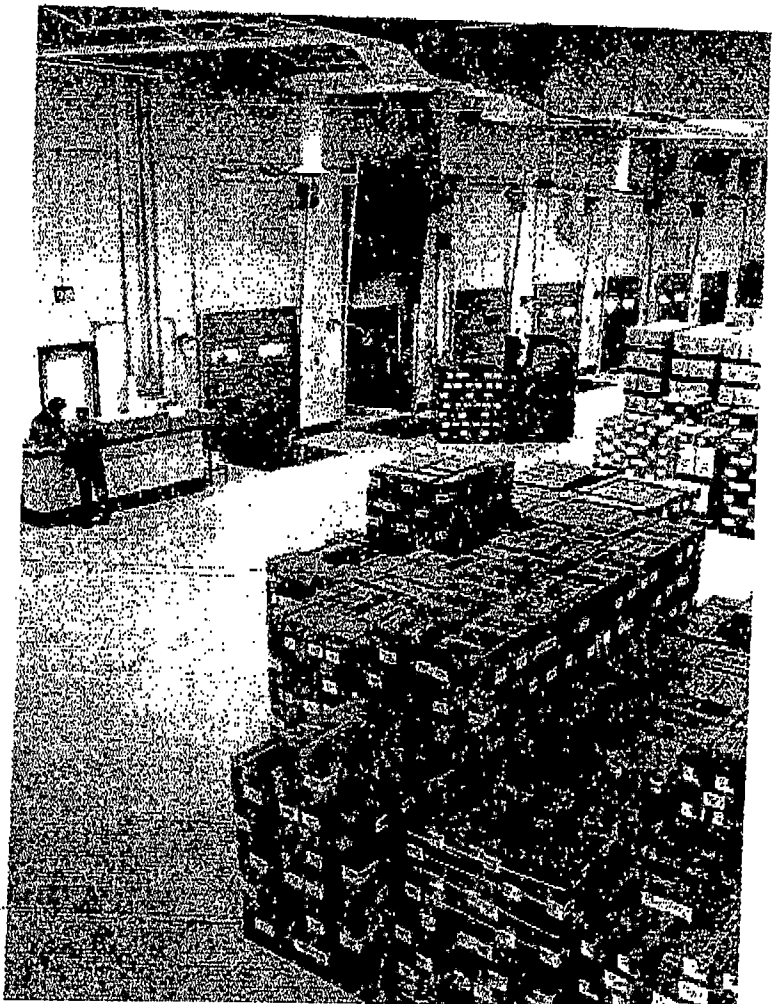
Still expanding

Due to expanding production, Holland American Wafer is already planning an expansion of its bulk handling equipment. This planned expansion will double the capacity of its mixing department. A new bulk tank and sugar pulverizer will be installed this year.

And now, while its engineering department is busily building two more ovens practically from scratch, it could be said that its commitment has reached full flower. Who's to say that Holland American won't be bursting the seams again for additional production capacity once its current expansion is completed? Growth seems to be a way of life for these industrious sugar wafer bakers from Grand Rapids. □



Mike Van Gorp, chocolate machine operator, checks the console of the chocolate enrober.



A view of the shipping department.

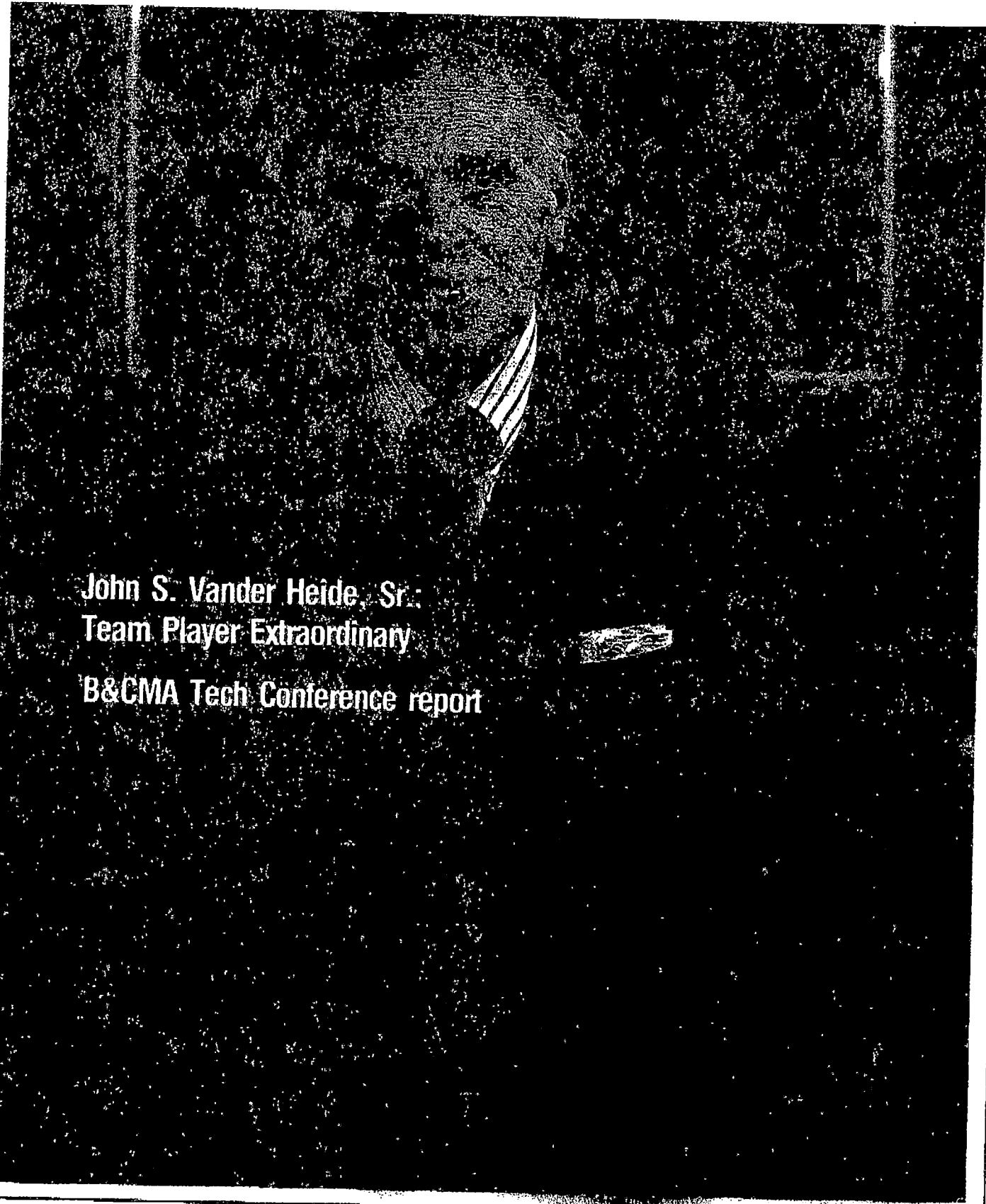
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John S. Vander Heide, Sr.:
Team Player Extraordinary
B&CMA Tech Conference report

JOHN S. VANDER HEIDE, TEAM PLAYER EXTRAORDINARY

A member of the National Basketball Hall of Fame, today's chairman of the Holland-American Wafer Co. found the fast-breaking game excellent training for subsequent leadership roles in B&CMA and government

By Harold Scales, Managing Editor

John S. Vander Heide, Sr., elder statesman of the biscuit and cracker industry, has in his own quiet way lived a many-splendored life, replete with honors. To some extent the distinctions that have come to him across his 71 years are reflected by the variations in the way his many friends and acquaintances address him: Jan, John, Jack, Van, Lefty . . .

"If I can't recall a face at first, I can just about tell where the person is from by the way I'm addressed," explains this soft-spoken chairman of the Holland-American Wafer Co., Grand Rapids, Mich. "I was born in Grand Haven, about 30 miles west of here. My baptismal name is Jan. That's the Dutch way of spelling John. It's pronounced yon.

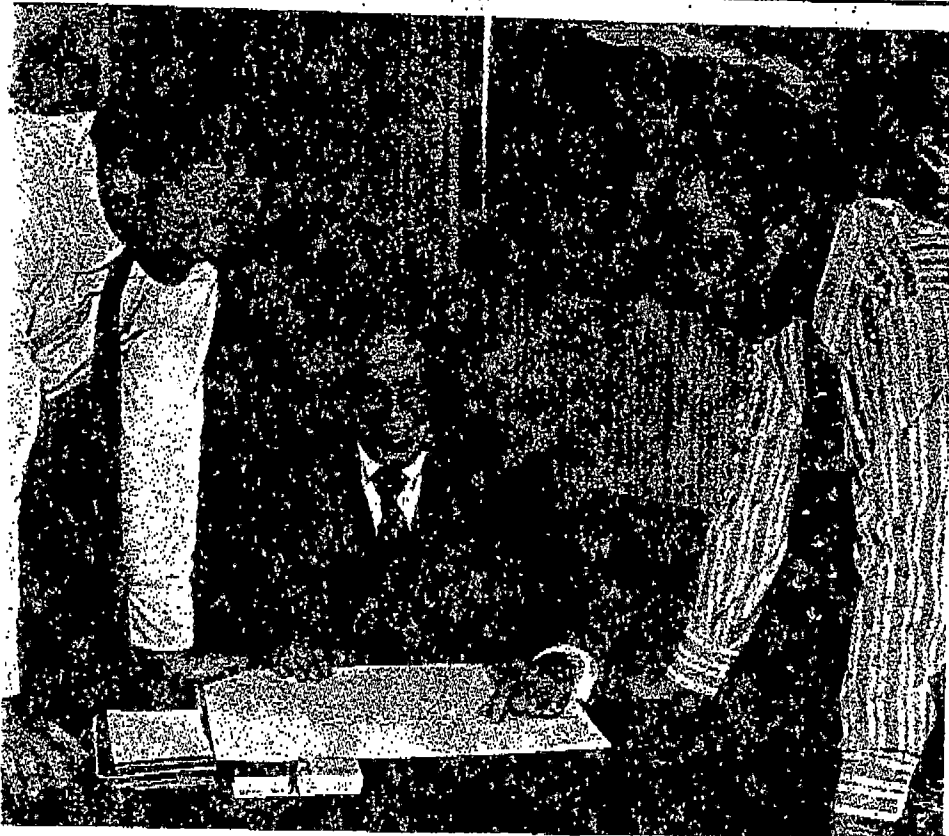
"But if someone calls me John, I can just about figure he or she knew me from the time I spent in government. If they call me Jack, it just about means they're from Grand Rapids, and perhaps my Calvin College days here. Earlier, I had gone to high school in New Jersey, where I was sometimes known as Van. Or Lefty."

The Lefty came from his southpaw pitching days on his high school baseball team. Two teammates—the Knothe brothers—went on to the big leagues. Vander Heide (pronounced as if it was spelled Hide) found a better way to sports immortality. He was elected to the National Basketball Hall of Fame by reason of the fact he was a key member of the winningest high school basketball teams in all of sports annals. This was the Passaic Wonder Teams which never lost a game during his years there and some time before and after—running up a still unequalled win streak of 159 . . .

Holland-American, for which he served as chief executive officer from



'He is respected and trusted by all members of the biscuit and cracker industry'



John S. Vander Heide, Sr., center, chairman of the board of Holland-American Wafer Co., with the firm's two other top executives, his sons. That's John, its president, at left, and Stuart, executive vice president.

1943 until recently, is the leading sugar wafer manufacturer in the United States. A family-owned operation, it employs about 160 people—chiefly in production. It is managed by his two sons. John, Jr., is its president, Stuart, its executive vice president.

"Either John, who has a master's degree in marketing, or Stuart who has a master's in financing, is completely capable of running the company well," the older man assures you. "So I only get down to the office for a few hours most days."

His is the largest in the executive suite of offices in one corner of the big white painted plant located just a few blocks south of the heart of downtown Grand Rapids. His office is very different than the quiet lairs of most board chairmen—the walls being decorated with extraordinary memorabilia.

There are; for example, several plaques, such as the one from the Biscuit and Cracker Manufacturers Assn. recognizing him as a lifelong member. Another testifies that he is a member of the U.S. National Defense Reserve emeritus. Still another is a certificate of service award from

the U.S. Dept. of Commerce Business & Defense Services. And another is a citation by a National Director of Emergency Planning.

And then there are lots of photos. One shows Vander Heide with a group of key officials of the Eisenhower years. Another shows him with the then Vice President Nixon. There's an autographed photo of Allen Dulles, former chief of the Central Intelligence Agency. And an autographed formal photo of Queen Juliana and Prince Bernhard of the Netherlands . . . At the other end of the spectrum, there is a photo of Vander Heide with Phyllis Diller. And another with Ed Sullivan. Still another shows his two daughters, Barbara and Joan, with Captain Kangaroo.

The sort of "tip-of-the iceberg" glimpse of his past afforded by the office walls suggests he is a truly extraordinary man. Draw him into reminiscing and the impression grows that his life is one of the strongest endorsements of the maxim that "We ourselves the better serve by serving others best."

Joseph Creed, executive vice president of the B&CMA, who has known Vander Heide since early World War

II days, endorses that appraisal:

"John Vander Heide is an individual who has been totally dedicated to the welfare of the cookie and cracker industry," Creed says. "He has worked in a statesman-like way all across the years to further its interests.

"He is respected and trusted by all members of the industry—is the epitome of all that's good."

Youngest B&CMA director

A member of B&CMA since 1940, when the organization was beset by numerous problems, Vander Heide's leadership qualities seem to have been quickly recognized by his peers in larger companies. He became the youngest man ever elected to its board of directors up to that time. Ultimately he served three terms as its president (1953-54-55 and 1965). He also served two terms as president of the Independent Biscuit Manufacturers Assn. (1952-53), which shortly thereafter merged into B&CMA. He is generally credited with being an important mediator in the merger of the Biscuit Bakers Institute into B&CMA, ultimately making the latter a true "one voice" for the industry.

Vander Heide is also known to the B&CMA as the principal behind its educational work, notably its correspondence course. He suggested and pushed for such a course shortly after he became a member. This is memorialized by the Vander Heide award, which annually goes to the person who makes the best grade in the previous year's correspondence work. Until very recent years he made this presentation himself. Now the award is bestowed by son Stuart, who is chairman of the B&CMA's educational committee. (See page 40.)

But John S. Vander Heide's most salient niche in history would seem to be his role as the first general chairman of the nation's executive reserves, a responsibility he held for two years. Alternately, he can be remembered as the man who probably must take most of the credit (or blame) for launching the survival biscuit. (Much in the news recently as it is being phased out of bomb shelters across the nation. See page 13.)

"The government found out in the Korean War that it could not easily get executive calibre people to come to Washington to serve," Vander Heide says in explaining how he was pulled into the bureaucratic flood tides of Washington. "They didn't

respond like they did for the War Production Board in 1941, when there were many unemployed—including all kinds of highly qualified people."

National food director

He recalls that it was in '57, in the Eisenhower years, that he first was asked to serve his country. The Dept. of Defense was endeavoring to prepare itself against any food scarcity contingency, and was looking for a national food director to see that supplies remained adequate. Friends in the biscuit and cracker industry had suggested that Vander Heide was a first-rate choice. Although he regards himself as somewhat a-political, he felt he had to serve.

"I had been too young (12) to serve in the First World War and too old (nearly 37) with too many responsibilities to serve in the Second," he explains. "I felt I had to say yes."

The position had some serious drawbacks. It was a WOC position—without compensation. And he was expected to operate out of Washington, D.C. Vander Heide agreed to serve for six months if he could just spend two days a week in the nation's Capital. However, his tour of duty extended far beyond his original commitment.

This came about because Congress decided that national defense considerations called for organization of an Executive's Reserve—men who could run the nation should the central government (Washington, D.C.) be devastated by nuclear attack from enemy bombers.

To get the Executive Reserves idea to become a reality in the Business and Defense Service Administration of the Dept. of Commerce (where he was serving as National Food Director), Vander Heide planned a national meeting of its former WOCs. The program that he drew up so impressed Secretary of Commerce Sinclair Weeks, under which the BDSA served, that he showed it to President Eisenhower. The President was also greatly impressed, suggesting that such a meeting include WOCs of all cabinet departments.

Executive reserves chairman

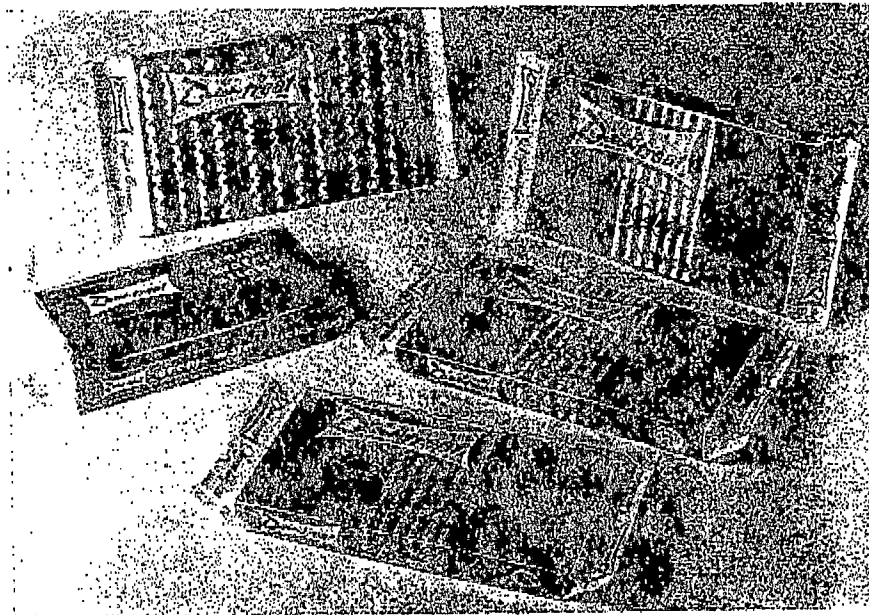
Vander Heide found himself general chairman of the resultant giant gathering of many of the nation's very best minds. It was, in short, "a meet-

ing like you never saw before," as one observer noted. President Eisenhower declared, according to the official minutes, that it had not cost the government one cent, for which—with partiality and parsimony—he expressed his "grateful thanks."

The executive reserve idea faded into history only about two years ago (1974.) It simply became outmoded by the general recognition that any next major war is likely to be "all-out-nuclear," against which recovery planning becomes largely meaning-

Co.; Frank J. Delaney, Jr., president of the Biscuit & Cracker Manufacturers Assn.; and Ralph Morris, Standard Brands, Inc.

The U.S. Dept. of Agriculture also quickly became interested. (Those were the days of crop surpluses and the USDA saw part of its role as being the alleviation of world hunger.) The chain of events led to Nabisco developing a high protein biscuit which looked and tasted like a graham cracker. New York City decided it would be an ideal emergency food



Holland-American specializes in sugar wafers. Much of its volume is private label.

less, Vander Heide explains. More about this a little later.

During the time that he was a Washington insider, Vander Heide became convinced that the United States should take the lead in promoting a high protein biscuit (cookie) for underdeveloped nations.

"I called a meeting in New York City," he recalls. "I was surprised at my own nerve. "But I was encouraged by several others in the industry. And the UNICEF (United Nations Children's Fund) branch of the United Nations was interested . . ."

Those present from UNICEF included Maurice Fate, the executive director, Dr. Harold Humphrey, its food technologist, and Dr. D. Sabin. Among others attending were Dr. C. G. King, The Nutrition Foundation; Dr. W. H. Sebrell, Jr., director, Nutrition Sciences, Columbia University; W. W. Paddon, Sunshine Biscuits; L. S. Bickmore, president, Nabisco; Dr. Russell M. Shultz, National Biscuit

for stocking its bomb shelters with. And so the national survival biscuit program which was ultimately to cost the United States about \$70 million was launched.

Why survival biscuit didn't

"It wasn't money wasted," Vander Heide says today. "You've got to recall the atmosphere of those days. It was a time when atomic war seemed inevitable. The national government was advocating bomb shelters. I know a lot of people that built bomb shelters next to their homes." (Among his earlier public service roles, Vander Heide served—by respective appointments of Governor Swainson and Governor Romney—as director of Emergency Planning for the State of Michigan.)

That anxiety filled era, so strange now in retrospect, was suddenly and paradoxically terminated when Russia launched its first sputnik.

"I was in Washington when it went

'He made things happen. The ideas he brought to the board were those of a leader and visionary'

over," he recalls. "I just happened to be waiting to see the head of emergency planning. He was in a meeting. Neither he nor anyone in the meeting had any real 'answer' to give the press..."

Sputnik, he explains, foreshadowed that the Russians would be able to hit any part of the United States with a hydrogen warhead. Organizing a defense against this kind of threat was just not possible. The only defense was a good offense—the deterrent of similar delivery capability.

Vander Heide recalls seeing film of Defense Dept. atomic explosions which made him realize what the effects of this kind of warfare would be.

"A hydrogen bomb would make a crater 10 to 15 miles across," he recalls. "But thermal waves would burn everything for a radius of 40 or 50 miles. Then there would be fallout. And..."

The concept of survival had become meaningless.

Community leader

Vander Heide has been as active in community affairs at Grand Rapids as he has been in other areas of his life. He is credited with being an early leader of the Christian School System there and initiating an organization to promote music in it. Today the system is estimated to educate about one-fifth of the city's grade school children.

He has been a lifelong member of the Christian Reformed denomination, serving it in many areas of responsibility.

It was Vander Heide who arranged for a visit by Queen Juliana and Prince Bernhard of the Netherlands to Grand Rapids in 1952—a very big event in this 300,000-plus popula-

tion town of Dutch roots. He had learned they were visiting Washington, D.C. It occurred to him to send the queen a telegram inviting her to Grand Rapids might work magic. It did. Almost immediately she telegraphed her acceptance. It all snowballed and state department officials of both countries took over the event. (Being a good team player, that was okay with him.)

As for the more real kind of magic, Vander Heide was an amateur magician for years. Ultimately he had so many requests to perform at various functions—which required he spend much time perfecting his acts—that he finally had to give it all up. Today he performs only for his grandchildren.

A big percentage of his outside time for several years was also devoted to the Grand Rapids symphony orchestra. He served six years (two separate three-year terms) as its president.

"As a president, he was simply marvelous," one board member says today. "He made things happen. The ideas that he brought to the board were those of a leader and visionary. He brought out the best in the people around him. He's a master at getting people together and working with them in a very supportive way."

She recalls that ticket sales reached a new high during his presidency. Among several innovations Vander Heide fostered the idea of a paid concert master. This became a trend so that today the symphony has a conductor in residence and 17 paid first chair musicians in an orchestra of 80. It is rated as among the very best in the United States.) Other innovations during his terms, she recalls, was establishment of a youth orchestra; getting the city to install

an acoustical dome at the performing hall; a highly successful Van Cliburn concert (which was risky because of the high fees demanded by the young virtuoso)...

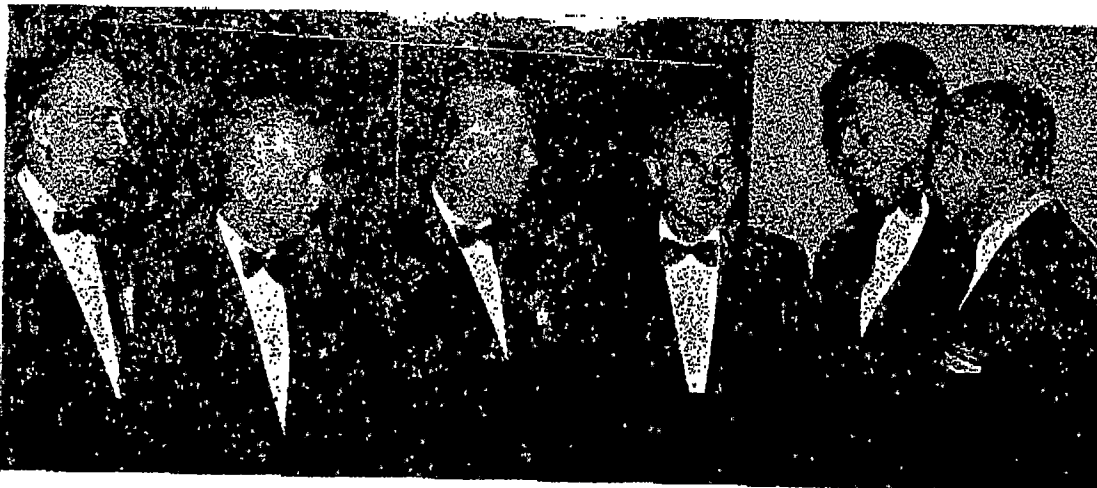
Vander Heide's tendency to be so amazingly unselfish of his time (and money) seems to stem, in part, from the influences of his earliest years. His father was a minister in the Christian (Dutch) Reformed Church. A member of a family of four youngsters, two sisters and a younger brother) he recalls nine of his earliest years being spent in Chicago where his father pastored a flock. Then there was the move east—and the memorable experience of becoming a member of the Passaic, N.J. High School Basketball Wonder Teams.

Blood, sweat and wins

The teams were mentored by "Prof." Blood, a veteran coach who appeared to be far in advance of his time.

"He believed in short passes. The least possible dribbling. And never pass the ball unless the receiver was really open," Vander Heide recalls. Although he was only 6-1, Vander Heide was usually the center for the team unless it was against an opponent with whom he had trouble in getting the tip-off. In this case, a taller boy would play the center spot. Vander Heide, being left handed, would "twist around" to left forward.

"You learned all the tricks of the trade," he adds, of those distant days etched in chromacolor on his memory: "You learned how to quickly gauge how high the referee would throw the ball. You weren't allowed to tip the ball until it reached the peak of the throw. But by much practice you time yourself to tap it just before it hit the top.



This photo is one of many which recall Vander Heide's years in Washington. That's him on the left, with top officials of the Eisenhower years.

He did an awful lot of jumping, since those were the days of a jump after every basket.

As the unbeatatable team drew increasing national attention, some sports writers began to scoff. They said that if it were to play a really tough opponent outside its area for its 100th win-streak game, it would be snapped. Coach Blood thereupon invited sportswriters of the four metropolitan New York newspapers to pick the team they felt could best do this, from anywhere. The team of St. Mary High School, Odenburg, N.Y., was the choice. Vander Heide recalls that Passaic won by an almost lopsided score: 58 to 39.

But the Hall of Fame induction of all the players of the Wonder Teams didn't take place until June 1974. The efforts of one of the team members, a Col. John Roosma who had later been one of West Point's great

players, chiefly resulted in the recognition that the win streak record that had held for more than 50 years was never likely to be equaled. The City of Passaic put up \$10,000 to help underwrite the induction expenses including bus fare up to Springfield, Mass., which is headquarters for the National Basketball Hall of Fame. Vander Heide recalls it all as an exceedingly memorable reunion time. Oddly and tragically, several of those who participated with him in the event died shortly after this late-coming highlight in their lives.

Fate sends him home

Vander Heide had to have an appendicitis operation the fall he was to enter college. By the time he recovered, it was too late to enroll in the big Eastern schools. Never one to accept delays, it occurred to him that Calvin College at Grand Rapids

might accept him, since his father was an alumnus.

Calvin was indeed glad to welcome him to its classes late. But he found its brand of basketball at times seemed like slow motion. Still the toughness of pre-med courses and the lateness of his start were challenging enough. Nonetheless, he did okay with pre-med for three years.

But then there was this chemistry class, where he had met a girl named Ann Heyboer. Ann's father owned a sugar wafer company. He asked young Vander Heide if he would represent the company as a salesman on the East Coast, during his summer vacation. The resultant highly successful sales experience made Vander Heide realize that the business world was where he belonged.

... As many who know him from his long years of service on behalf of B&CMA will agree. □

The story of sugar wafers



"... and the taste of it was like wafers made with honey." EXODUS 16:31

The story of sugar wafers is really the fascinating legend of how a biblical delicacy became a favorite international cookie. You'll enjoy reading about "the world's oldest cookie" and of its strange travels from Jewish to Catholic to Protestant churches... from ice cream parlors to households on three continents!

Over 6000 years ago, the forerunner of today's sugar wafer made its dramatic debut in biblical history. It was described as Manna — sent by God to the sweet-craved Israelites as they wandered in the wilderness. The Book of Exodus says, "The taste of it (Manna) was like wafers made with honey." Previous to the "Manna Miracle" the Israelites, who were on exodus from Egypt, had baked a tasteless type of wafer using unleavened dough.

Understandably, the delightfully sweet Manna left a lasting impression on the taste buds — and religious life — of the Israelites. Samples of Manna were kept in their sacred tabernacle while man-made wafers became an important part of their everyday life and of their ecclesiastical ceremonies. Leviticus mentions "unleavened wafers anointed with oil" as acceptable meal-offerings (Chap. 2, vs. 4). Even today, Orthodox Jews celebrate the "Feast of Unleavened Bread" more commonly known as the "Passover."

With this food form so important in the liturgy of the Jewish Church, it is easy to understand the transition by which unleavened wafers of the Passover became prominent in the Last Supper of the early Christian Church, and, later in the Eucharist of the Roman Catholic church as well as in the Communion of Protestant English Episcopal, Lutheran and Scottish churches.

All sorts of quaint legends surround the unleavened wafer in its travels through the historical Dark Ages, Middle Ages and Renaissance Period. Already in the 8th Century it was common practice to place a wafer under the altar slab of a newly consecrated church. In the 10th Century distant churches would often exchange unleavened wafers as a sign of

communion and friendship. By the mystical 14th Century, wafers were considered healing agents... were kept in homes to ward off evil spirits... were carried on long journeys to insure safety... were even buried with the dead to assure future well-being! The tasteless, unleavened wafer had become almost omnipresent!

It wasn't until 1803 that the modern sugar wafer made its appearance — at the great Paris Exposition. The "new cookie" was an instant success. And no wonder. It was as delicate as the wafer the church had been serving for centuries. But it was sweet... "like wafers made with honey."

All Europe was ecstatic with the new taste sensation. In the Netherlands, it became a traditional treat at family gatherings, particularly christenings. In Sweden, it became popular at funerals — for reasons known only to the Swedes! (Sugar wafers still are the largest selling cookie in Europe accounting for 25% of all cookies eaten by Europeans!)

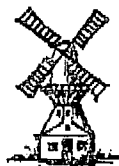
Naturally, it didn't take long for news of the new cookie to travel across the Atlantic. And, in typical fashion, American businessmen of the 1800's promptly found another way to serve sugar wafers: with ice cream... at a corner parlor. This pleasing taste combination remains an American institution: from coast-to-coast fine restaurants, hotels and airlines continue to serve sugar wafers with ice cream.

Once introduced to the scrumptious taste of sugar wafers, American housewives flocked to their kitchens to bake the new cookie. But then, as now, the results were disappointing. Far, because of its unusual consistency and baking techniques, the sugar wafer remains one of the very few cookies which mother can not duplicate. So, down to the corner store she tramped. And virtually every store sold them. Boop-poo-de-do! The sugar wafer craze was on!

And the craze never quit. Today sugar wafers are one of the fastest selling cookies in the supermarket... a favorite of American families.

The following pages show how this famous and legendary cookie is prepared in the kitchens of America's oldest and largest sole manufacturer of sugar wafers and creme wafer sticks.

As a remnant of this is still evident some 5c & 10c variety and department stores have retained their cookie counters and continue to dispense bulk sugar wafers from caddies.



ED

- 1) Sugar capital of the free world, factory called "Dutch Twins" (Grand Rapids -- Wyoming, MI). Noon, eating lunch there first with workers. 15 telepr. Contact Stu Vanderheidé, Pres. of Holland American Wafer Co. (616/243-0015)

--co founded 1919 by Stu's grandfather. Wafers, lattice top with sugar filling. Also make Kellog's low-fat granola cereal (POTUS eats granola every morning). Also package wafers for grocery stores.

--joke about grandkids

--600 mostly factory workers, also local business

--also contact: Colleen Paro (Mich BQ) 517/337-1992

- 2) Appleton, Wisconsin: Banta Company (?). Jim Milslagale, vp for human resources. ****NOT CONFIRMED****

JULY 21, 1992

MEMORANDUM FOR STEVE PROVOST

FROM ANDY FERGUSON

SUBJECT MICHIGAN ECONOMIC SPEECH

To give intellectual context to the President's programs -- not only in economics but in other areas as well -- I propose we employ the idea of trust. The logic might go as follows.

Twelve years of Republican leadership have changed the world, and now we can change America -- hence the theme of this election year. Change has a flipside: Trust. The American people will choose a leader they trust to lead change. They will choose the President, we think, because he has the character that people trust. But there's another reason: He trusts them, and his policies prove it.

On issue after issue, the President believes that the American people can be trusted to make the important decisions that affect their lives. He believes that parents, not government, should choose their children's schools -- that parents, not the government, should determine who cares for their children. Ditto health care: the principle that underlies his comprehensive program is choice -- because he believes Americans are intelligent enough to make those decisions themselves.

And when LA went up in flames, the liberal answer was to goose the old failed, authoritarian programs for the inner city. George Bush suggested returning decision-making power to the people themselves -- through homeownership, welfare reform, and incentives for private job creation -- because he trusts them. After all, they're Americans.

In each area, his programs stand in sharp contrast to those of his opponent, who wants most of these decisions to remain firmly in the hands of government planners. Nowhere is the contrast sharper than in economic policy.

Tax increases, after all, are grounded in the assumption that the government knows better than you how to spend your money. (This also applies to high government spending.) Excessive regulations, the same thing: George Bush trusts businessmen to run their businesses -- ie, make money for their shareholders and create jobs for their communities -- without government micromanagement. The capital gains tax cut is predicated on the belief that businessmen must take risks -- and should in fact be encouraged to do so. He likewise rejects the rationale of industrial policy: he trusts the market (that is, the conglomeration of decisions freely made by consumers and producers) to allocate resources productively and efficiently.

George Bush's belief in the intelligence and good sense of the American people is not only compatible with self-government and free enterprise -- it is self-government and free enterprise. America's prosperity wasn't hatched around a conference table in Washington; it was determined on the shop floor, in the boardroom, in the research lab, where free men and women made the decisions and took the risks. Like his opponent, George Bush wants to change America; unlike his opponent, he wants to change America according to the principles that made us the most prosperous nation in history.

The foregoing, written in haste, is not a speech outline, just an intellectual framework. But it allows us to hit several targets at once -- social engineering, high regulation, big spending, tax increases -- and it places George Bush squarely on the side of the people, over against the taxers and spenders.

It's interesting to note, by the by, that we hear continually that Democrats at last understand the importance of free enterprise. Well, sort of. According to speaker after speaker in Madison Square Garden, Democrats now like free enterprise not because it's rooted in freedom, but because it creates massive amounts of wealth to finance their redistributionist schemes. I don't think that's what Adam Smith had in mind.

822
-0383

REGULATIONS

Facts:

- . In 1990, regulations cost the economy at least \$185 billion or \$1,700 for every taxpayer. The government generated more than 5.3 billion hours of paperwork -- enough to keep 2 million people busy doing nothing but filling out forms.
- . In recent times more than 2,000 regulations have come out of Washington every year -- taking up about 53,000 pages of fine print in a book called the Code of Federal Regulations.
- . "Regulations do impose real economic costs. For example, compliance with the Clean Air Act Amendments of 1990 has been estimated to cost roughly \$25 billion per year. That assumes the most cost-effective implementation strategy -- some estimates go up as high as \$40-\$50 billion."

"According to a recent Rochester Institute study, the total annual cost of federal regulations is over \$400-\$500 billion. Federal regulations end up costing each family over \$4200 per year; by the year 2000, the costs are projected to rise to over \$4600 per year."

- from remarks by David MacIntosh
before Environmental Law
Section, Indiana State Bar

- . "We deregulated airlines, trucking, railroad, telephone service, oil prices, and natural gas. The result is American consumers are \$100 billion richer each year."
- . "18 million new jobs were created -- a quarter million new jobs a month, every month, for 68 consecutive months."
- From talking points of the Vice President before the 10th Anniversary meeting of the Council for National Policy

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Arguments:

- . "Every business transaction, every unneeded government regulation (created by lawyers that disguise themselves as Senators, Congressmen, and government officials) causes businesspeople like myself to spend hours and days of our time in totally unproductive areas. This inhibits the growth of the business and invariably, these expenses add to the cost of goods that are produced."
- Letter to the Vice President from a Midwestern publisher

"Who pays for regulatory excesses? The American worker pays, when he or she loses his or her job because regulations force factories to shut down or move overseas. Farmers pay when their land is effectively taken out of use through excessive regulations. The consumer pays, when he or she has to pay higher prices for a product -- or when there are fewer products to choose from. Small businesses pay, when they are forced to shut down from excessive compliance costs to regulations and endless filing requirements."

Three premises of the Competitiveness Council:

"First, the a free market and a competitive economy are the best allies of the American people. Our economy is what made us a world leader, and it's a strong economy that will keep America at the forefront of a rapidly changing global market.

"Second, we believe that when there are market failures, there is a proper role for government policies to protect the public interest. In the area of the environment, this means strong environmental protection. This Administration has a strong record and has been pursuing a sound and balanced environmental protection policy. As the EPA Administrator Reilly noted in his April 30 National Press Club speech, 'By the traditional measures by which Administrations are judged on the environment -- budget support, vigor of enforcement, and new initiatives -- President Bush and the environment both have fared well.' ...

"Third, ... the less regulation -- the less government intrusion into people's lives -- the better. This means that those industries and markets which are competitive should be deregulated. Where no acceptable levels of competition exist, the Administration is committed to regulating in the least intrusive manner to correct market failure. Moreover, when it appears that some regulatory strictures are necessary, we try to develop them in ways that are compatible with the imperatives of Federalism, the protection of individual liberty and traditional values, and are least disruptive of existing markets and most cost-effective."

- from remarks by David MacIntosh
before Environmental Law
Section, Indiana State Bar

Administration Position:

Many Federal regulations have a disproportionately negative impact on small business.

The President has asked all major Federal regulatory agencies to examine their existing regulations and weed out or modify those that impose an undue economic burden on small business.

- . For example, to increase access to capital for small businesses, the SEC has announced proposals to reduce, and in some cases eliminate, the public disclosure requirements for small companies that issue stock.
 - from The Bush Administration Record, briefing book on Administration policies

Personal Anecdotes:

- . Spoke with businessman in Toledo, Ohio who spends 95% of his investment budget on meeting environment and safety standards (Michael Rufner; Sun Refining and Marketing)
- . Also from meeting with Rufner: British Petroleum (BP) was fined \$2500 when they submitted an evacuation plan that did not account for prevailing winds.

Economic Rights: Guild Cuts Off Cornrows

JUDGE STANLEY SPORKIN: Has he got a lot of cosmetologists against him? Is that what's fighting you?

TAAJIB-DIN ABDUL UQDAH: Only the board, sir. The Board of Cosmetology.

CLINT BOLICK: The board is comprised by law exclusively of cosmetologists who practice in this area.

JUDGE SPORKIN: Some words we live in. Someone trying to make a living and—

Rule of Law

By L. Gordon Crovitz

It's like Russia, isn't it?

MR. BOLICK: It's like Russia used to be.

This court hearing last month is part of the battle for economic rights under the Constitution, which Mr. Uqдах hopes will stop regulators from closing down his hair-braiding salon. It says something about the times that Mr. Uqдах, a black nationalist capitalist, has as his lawyer Mr. Bolick, a civil-rights lawyer whose mentor and younger son's godfather is Justice Clarence Thomas.

Federal District Court Judge Sporkin blocked a cease-and-desist order against Mr. Uqдах pending more court arguments today. At issue is a 1938 law passed by Congress to create a Board of Cosmetology for Washington, D.C., to license beauticians. Mr. Uqдах's Cornrows & Co. has been under regulatory attack by the cosmetology board since his salon started in 1980. Regulators fined Cornrows \$1,000 and ordered it to close unless Mr. Uqдах complied with cosmetology regulations.

"We're not talking about gene splicing or test-tube babies or something complicated here," Mr. Uqдах explained in his shop, part of his home in northwest Wash-

ington. "We're talking about hair-braiding." Still, there's a possible prison term. "If I'm supposed to go to jail for operating a salon without a license," he said with a laugh acknowledging the absurdity of the thought, "I'll deal with that." He could also do for discriminatory regulations what Rosa Parks did for segregated buses.

Mr. Uqдах and his wife, Pamela Farrell, specialize in cornrows and braids, which they call "an integral part of our African culture." Customers pay \$85 to \$1,000. The firm sells videos and style-books, has a toll-free phone number for questions about children's hair, employs eight and grosses about \$500,000 a year. Ms. Farrell has trained some 250 braiders, several of whom are now competitors.

The problem is that it takes \$5,000 and nine months of study to get a beautician's license, but the cosmetology board's rules have little to do with Cornrow's business. The beautician exam includes finger waves, which were popular in the 1930s, and pin curls from the 1950s, but nothing about braiding.

Mr. Uqдах says his shop doesn't use chemicals or other potentially dangerous materials or techniques. Yet lawyers for the regulators say it is "beyond peradventure that these regulations are for the public benefit in terms of public health, welfare and safety."

Make that somewhere this side of peradventure. The tendency of people in trades to use licensing laws to block competition goes back to the medieval guilds. Here, the five members of the cosmetology board are all owners of other salons.

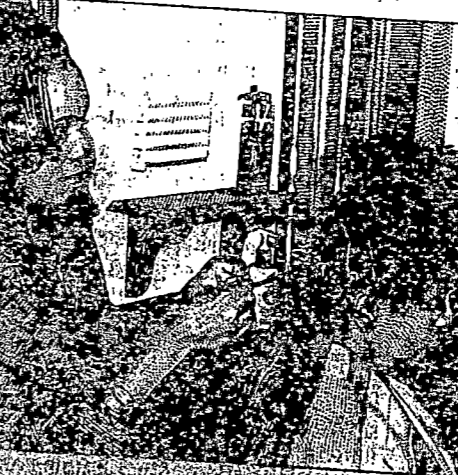
There's a conflict of interest, Mr. Uqдах says. "These salon owners on the board don't understand what we do here, but they know we're a threat." He noted the irony of occupational licensing laws, "used against blacks during Jimi Crow, now being used by a primarily black board against a salon specializing in African hair styles."

There's good evidence that barring en-

try was the purpose of Washington's cosmetology board. The Congressional Record of 1938 quotes an owner of a small salon who opposed the board as "sponsored by the owners of the remaining number of exclusive and high-priced beauty shops" who "hope to limit or control competition."

A report by the District of Columbia bar association in 1985 said the city's "cosmetologists are grossly overregulated," with rules that create "a significant barrier to entry into the profession." The study noted that rules require certain equipment for

Constitutional Coif?



schools with fewer than 25 students ("four shampoo bowls, 10 stoves, six dryers, three blowers"), while larger, more established schools have no such requirements.

All this may make the case against Mr. Uqдах seem absurd, but the law makes these due-process or equal-protection cases hard to win if "only" an economic right is at stake, in legal jargon. Judges now decree that economic rights are not "fundamental" and that economic regulations need only have a "rational relationship" to a legitimate goal. Still, there's nothing legitimate about barring competition.

Mr. Bolick, who works at the Department of Justice in Washington, already a victory against competitive laws. In 1985, he drafted laws who started the congressional stands. He said he would be to 1985 regulations. City barriers stands. He said John Prater violated the Equal Protection Clause cause other vendors weren't similarly cited. "A court would be shrinking from its most basic duty if it abstained from an analysis of the legislation's arbitrary

objective and the method the legislature employed to achieve that objective." Judge Pratt says Judge Sporkin might find the cosmetology board has more to do with blocking competitors than with protecting consumers.

Mr. Uqдах could get relief from higher courts. Mr. Uqдах wrote a book in 1987 setting out a litigation strategy for economic civil rights. "Changing of the Guard" He got a letter of praise from Justice Thomas, then chairman of the Equal Employment Opportunity Commission where Mr. Bolick worked. Justice Thomas wrote the book "makes the philosophical connection between civil rights and the natural law."

"Equally important, but more significant because of its rarity, is the compelling relationship between civil rights and economic liberty."

Justice Thomas also had some interesting comments during his conference hearing about the suspect history of occupational licenses. "Laws that did not let my grandfather to enjoy the fruits of labor," Justice Thomas said, were "arbitrary and so arbitrary that he had to get a drink before he went to the licensing bureau in Savannah to get his license he needed to drive his oil truck. Some things haven't changed."

and villains were dislain was missing. How son, who presided when the Act of 1909 placed a "tax" on corporate income Act of 1913 (the Amendment) did not tax at a rate of 2% as it instead levied a normal 1% and an additional on the income of individuals. It well.

DONALD C. ALEXANDER

Early two decades of offer-Curve stalwarts, ely fathered the term "omics" has been conard, Herb!

CHARLES A. PARKER

ous piece might have the Captain Scuttled. For my own part, to it as the Demosion Act of 1990. The day I ceased all publican Party, as I minate the Republicrats.

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GEORGE M. RYAN

First our Jan. a page-one sure. New Hamurats. Soon as the Keene, N.H., is no ad wrong. The fact didate chose to do ampaigning in the ene is a reflection not its overall

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A Politician's Dream Is a Businessman's Nightmare

Wisdom too often never comes, and so one ought not to reject it merely because it comes late. —Justice Felix Frankfurter

It's been 11 years since I left the U.S. Senate; after serving 24 years in high public office. After leaving a career in politics, I devoted much of my time to public lectures that took me into every state in the union and much of Europe, Asia, the Middle East and Latin America.

In 1988, I invested most of the earnings from this lecture circuit acquiring the leasehold on Connecticut's Stratford Inn. Hotels, inns and restaurants have always held a special fascination for me. The Stratford Inn promised the realization of a longtime dream to own a combination hotel, restaurant and public conference facility — complete with an experienced manager and staff.

In retrospect, I wish I had known more about the hazards and difficulties of such a business, especially during a recession of the kind that hit New England just as I was acquiring the inn's 43-year leasehold. I also wish that during the years I was in public office, I had had this firsthand experience about the difficulties business people face every day. That knowledge

would have made me a better U.S. senator and a more understanding presidential contender.

Today we are much closer to a general acknowledgment that government must encourage business to expand and grow. Bill Clinton, Paul Tsongas, Bob Kerrey and

Manager's Journal

By George McGovern

others have, I believe, changed the debate of our party. We intuitively know that to create job opportunities we need entrepreneurs who will risk their capital against an expected payoff. Too often, however, public policy does not consider whether we are choking off those opportunities.

My own business perspective has been limited to that small hotel and restaurant in Stratford, Conn., with an especially difficult lease and a severe recession. But my business associates and I also lived with federal, state and local rules that were all passed with the objective of helping employees, protecting the environment, raising tax dollars for schools, pro-

tecting our customers from fire hazards, etc. While I never have doubted the worthiness of any of these goals, the concept that most often eludes legislators is: "Can we make consumers pay the higher prices for the increased operating costs that accompany public regulation and government reporting requirements with reams of red tape." It is a simple concern that is nonetheless often ignored by legislators.

For example, the papers today are filled with stories about businesses dropping health coverage for employees. We provided a substantial package for our staff at the Stratford Inn. However, were we operating today, those costs would exceed \$150,000 a year for health care on top of salaries and other benefits. There would have been no reasonable way for us to absorb or pass on these costs.

Some of the escalation in the cost of health care is attributed to patients suing doctors. While one cannot assess the merit of all these claims, I've also witnessed firsthand the explosion in blame-shifting and scapegoating for every negative experience in life.

Today, despite bankruptcy, we are still dealing with litigation from individuals who fell in or near our restaurant. Despite

these injuries, not every misstep is the fault of someone else. Not every such incident should be viewed as a lawsuit instead of an unfortunate accident. And while the business owner may prevail in the end, the endless exposure to frivolous claims and high legal fees is frightening.

Our Connecticut hotel, along with many others, went bankrupt for a variety of reasons, the general economy in the Northeast being a significant cause. But that reason masks the variety of other challenges we faced that drive operating costs and financing charges beyond what a small business can handle.

It is clear that some businesses have products that can be priced at almost any level. The price of raw materials (e.g., steel and glass) and life-saving drugs and medical care are not easily substituted by consumers. It is only competition or anti-trust that tempers price increases. Consumers may delay purchases, but they have little choice when faced with higher prices.

In services, however, consumers do have a choice when faced with higher prices. You may have to stay in a hotel while on vacation, but you can stay fewer days. You can eat in restaurants fewer times per month, or forgo a number of services from car washes to shoeshines. Every such decision eventually results in job losses for someone. And often these are the people without the skills to help themselves — the people I've spent a lifetime trying to help.

In short, "one-size-fits-all" rules for business ignore the reality of the marketplace. And setting thresholds for regulatory guidelines at artificial levels—e.g., 50 employees or more, \$500,000 in sales—takes no account of other realities, such as profit margins, labor intensive vs. capital intensive businesses, and local market economics.

The problem we face as legislators is: Where do we set the bar so that it is not too high to clear? I don't have the answer. I do know that we need to start raising these questions more often.

Mr. McGovern, the 1972 Democratic presidential candidate, is president of the Middle-Eastern Policy Council in Washington.

- o I received a letter from a farmer in Wooster, OH. His farm is being threatened by those who would rather see his property a wetland, than the productive farmland that he has cultivated into during his 50 years of farming. He makes a pretty good point when he says that:
- o The letter reads: "I think we need to preserve the natural wetlands we have, but I am sure not in favor of taking prime farmland and creating or making new wetlands ... Instead of having all this wetland for future generations, we need to preserve the farmland we have in order to feed them. We lose hundreds of thousands of acres every year."
- o Agriculture is America's #1 industry. Let's try to take care of them.

TALKING POINTS FOR PRESS BRIEFING

Statement of the Problem:

- o Congress is passing more and more legislation mandating regulations which will impose more and more burdens on the economy.
- o Paul Craig Roberts has said that this is a regulatory recession.
- o The burden of these regulations on American workers, consumers, and small businesses is enormous. Federal regulators cost our country up to \$400 billion dollars every year. That adds up to \$4300 per American household.
- o A May 1991 study completed by the City of Columbus, OH shows the cost of compliance to Federal Environmental Regulations -- alone -- to be \$1 billion over the next 10 years. That's \$900 per household in Columbus. The entire city budget for Columbus last year was \$591 million.

Anecdotes

- o I have received hundreds of letters from all over the nation. And believe me, Americans are furious over this new form of tax that is being needlessly imposed upon them.
- o **Wetlands.** I received a letter from Bob Priest, a farmer in Wooster, OH. He is 59 years old and farmed all his life on land that has been in his family for over 70 years. Overnight Federal regulators came in and told his family they have to give up virtually the entire farm to become a wetland sanctuary. And they are only going to get paid a quarter of what it is worth. (see letter)
- o **Davis-Bacon.** I received a letter from a small business man who runs an ambulance service in Bedford, New York. He bid on a Federal contract to provide ambulance service to a local VA hospital. Because of the Davis-Bacon requirements (that he pay inflated wages) he estimates that the cost of his service will jump from \$198 per call to over \$6800 per call. (See letter)
- o **Endangered Species Act (Spotted Owls).** Last January I visited a logging town in Anderson, California. There Nadine Bailey told me about finding her husband in the kitchen crying late one night --he said he couldn't take laying off any more people from their small business. Her husband was a strong man, who had been through much -- including fatal accidents with colleagues -- but she'd never

seen him this upset. She described a small business in a small town where the people he was laying off were boyhood friends, neighbors, and even family.

- o **EPA vs. the Tooth Fairy.** Not long ago the EPA declared that extracted baby teeth were "hazardous waste" and therefore couldn't be returned by dentists. We've changed this -- now kids can take home healthy teeth. (See article)
- o **Red Tape for Truck Drivers.** One red tape nightmare just came to my attention this week. Under a law passed several years ago, truck drivers are now required to obtain special "commercial drivers licenses". Now, a nationally uniform license is a good thing, it gets bad drivers off the road. But, I understand it has caused a horrific back-up at many state DMV's. I hear many drivers have been waiting in line for days to get their paperwork complete. These are mostly small businessmen who need to be out on the road making a living -- not waiting in a government office. Now that I'm aware of it, I will talk to Secretary Andrew Card of the Department of Transportation, to see what can we can do to help.

What is the solution?

- o Republicans have been advocating a three pronged economic policy for years.
 1. Lower taxes and spending
 2. Low interest rates and stable monetary policy
 3. Deregulation
- o We are having trouble getting Congress to cooperate on reducing taxing and spending. However, we are capable of accomplishing much in the area of regulatory relief.
- o The President announced in his State of the Union Speech a 90-day moratorium and review of federal regulations.
- o Although the 90-day moratorium and review is only 2/3 of the way over, it has already been very successful.

[Point to OIRA Charts]

- o Chart 1 - The average number of core regulations being published in the Federal Register is down from a weekly average of 51 regs per week in 1991 to 23 regs last week.
- o Chart 2 - The number of significant rules being reviewed by OMB has dropped from an average of 45/week in 1991 to about 25/week during the moratorium.



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1/27/92

January 20, 1992

*Please call
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The Honorable Dan Quayle
Vice President of the United States
Chairman of Council on Competitiveness
Old Executive Office Building
17th and Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. Chairman:

In my twenty (20) year professional career as an Engineer, I have served in various positions in both high and low profit industries.

I have often thought that the drafting and enforcement of many of the laws governing numerous aspects of business lend themselves to the undermining of the entire "free" enterprise system. To responsible corporate citizens, the cost of doing business in these United States is not only not free but the pendulum often swings to the point that prevents entry and often requires exiting business ventures. I think this is especially true in the area of Environmental Regulations. I believe that we should be governed to the point that prevents those irresponsible from ruining the world we live in and educates the rest of us, however, it seems that we are governed to the extremes as opposed to the moderate. Although law generally recognizes intent, there are areas of Environmental Regulation/Enforcement to which no reasonableness factor is applied. I believe this is a fear factor in regulators in an effort to try to be fair and not personally liable themselves or jeopardize their employment.

There are two (2) good examples that in my opinion philosophically represent the above:

Our country did itself a great disservice in the handling of asbestos. Between the lawmakers, the environmentalists, the environmental consultants, and the media, we generated a beast that gobbled up industry and tax payer monies (and continues

Honorable Dan Quayle
January 20, 1992
Page 2

to do so) and expended energies that could have been much more productive. The data did not support the response originally based on medical histories of John Mansville employees. On October 18, 1991, the U.S. Court of Appeals for the Fifth Circuit ruled that E.P.A. did not gather substantial evidence to support its rule and that it failed to consider less burdensome alternatives to a ban. I recently read that the chances of having asbestos related cancer had the same odds as being struck by lightning.

Additionally, our reaction to PCB was less than productive. Many maintenance personnel worked in PCB up to their elbows for their entire careers and found the extremes in handling the product to be preposterous. This is not to say that regulations should not have been written to prevent further contamination of our food chain, however, the method was knee jerk rather than practicable. I am not aware of a human cancerous death associated with PCB.

The handling of underground storage tanks (U.S.T.'s) does not seem to be as misdirected as the previous examples, however, the financial and energy requirement has been burdensome to some companies and fatal to others. While industry is struggling with compliance to the regulations, it's the Environmental Consulting Industry that is gaining monetarily and in political clout.

With the above as an introduction, I have two requests:

The first is that your Council look at the rationale behind including the Dairy Industry with those proposed to be required to perform storm water runoff plans and sampling. It would be my suggestion that industries impending the greatest risk to storm water pollution be required to meet the regulations prior to a blanket requirement. I suspect the Dairy Industry poses little threat as compared to other industries. Certainly the Dairy Industry is struggling financially and we could better apply our energies. What is the problem, who is generating the problem, and do the proposed solutions meet the reasonableness criteria?

The second area that I would like the Council to consider is the enforcement of regulations governing sewerage treatment.

Honorable Dan Quayle
January 20, 1992
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Generally speaking, the main constituent of dairy waste that causes problems with Public Owned Treatment Works is Biological Oxygen Demand (BOD), however, we are constantly defending other requirements of ordinances mainly due to a lack of understanding and flexibility on the part of regulators. We need relief in this area through the application of a reasonableness factor.

Thanks for your time in reading this letter and any consideration for the above requests.

Sincerely,



Gerald T. Clark, P.E.
Vice President
Operations Services

GTC/s

cc: Dr. Steve G. Conerly, Ph.D.
Chief Executive Officer
Flav-O-Rich, Inc.

So You Want to Get Your Roof Fixed...

By RICHARD ROSENOW

Suppose you own a roofing business, and one morning you get a call from your neighbor, whose garage roof is leaking. He tells you that the roof is asphalt-based, and you agree to send a repair crew to try to fix it. In order to fully comply with federal regulations that are in effect today, you would have to:

First examine the roof to determine whether asbestos is present. There is a good chance that an asphalt roof will at least include asbestos-containing base flashings and cements; if they do, Environmental Protection Agency regulations will apply, and Occupational Safety and Health Agency regulations may apply.

It is very likely that you won't know from a visual examination whether asbestos is present. In that case, you will have to cut a sample from the roof, and patch it to avoid leaks at the point of the sample cut. You will then send the sample, after you have bagged it properly, to an accredited laboratory, and delay your repair work until the sample is analyzed. (In some states, only a certified abatement contractor is allowed to make this test cut.)

If you discover that asbestos is contained in the roof, you must:

Notify the owner (your neighbor) in writing;

notify the EPA Regional Office (10 days prior to beginning work, which will mean your neighbor's roof will continue to leak);

be sure that at least one person on your repair crew is trained to satisfy EPA requirements;

conduct air monitoring on the job, once you are able to start work, to determine whether emissions of asbestos will exceed

OSHA's action level. You can't do this, of course, until the 10-day EPA notification period has passed.

Once you begin any repair work, you will have to "adequately wet" the materials. EPA defines this as "thoroughly penetrating" the asbestos-containing material, which is an interesting concept for a waterproof material like asphalt. EPA also stipulates that there be no "visible emissions" on the job, even if you can demonstrate that the emissions contain no asbestos fibers.

You will then have to vacuum the dust generated by any "cutting" that you do, put it in double bags, and take it to an approved landfill.

You will also be responsible for prohibiting smoking on the job site, and are subject to fine if one of your employees lights up.

You will probably wonder why your neighbor will be asked to absorb all of the costs associated with these steps, since hundreds of test samples have shown no asbestos exposures above acceptable limits in roofing operations.

You must ensure that your crew is trained about any hazardous materials that they may encounter. (These will include the gasoline you use to power the pump on your roofing kettle.) You will also have to be sure that copies of the appropriate Material Safety Data Sheets are present at the work site, and that all containers are properly labeled.

Your crew must also be thoroughly trained in handling these materials. This will be determined not by what steps you have taken to train them, but by what your employees tell the OSHA inspector who asks them what they have been taught.

Because you are transporting asphalt

at a temperature above 212 degrees, so that your crew won't have to wait two or three hours at your neighbor's home for the asphalt to heat, you must:

Mark the side of your roofing kettle with a sticker that says "HOT" in capital letters;

complete shipping papers before the truck leaves your yard;

have emergency response procedures developed in the event the kettle should turn over en route to your neighbor's home;

be sure that your driver has been drug-tested, and has a commercial driver's license;

be sure that the driver completes his log sheets for the day, and stops 25 miles after he leaves your yard to see if the load has shifted;

be sure that your kettle has a hazardous material placard, in addition to the "HOT" sticker mentioned above.

Because your vehicle is being driven for work-related matters, you must be sure that the driver wears his seat belt, and has received driver training. If he does not wear his seat belt, you, of course, will be fined.

Assuming you have met other OSHA safety standards, and are satisfied you will be in compliance with local and state regulations, it is now safe for you to begin. Your most dangerous act, however, is yet to come: presenting your neighbor with his bill, and explaining why your costs have increased so dramatically in the three years since these regulations have been promulgated.

Mr. Rosenow is president of the National Roofing Contractors Association in Rosemont, Ill.

March 24, 1992

MEMORANDUM FOR AL & DAVID

FROM: JOHN COHRSEN

SUBJECT: "MILLIONS OF LIVES, BILLIONS OF DOLLARS"

SAVINGS IN LIVES

FDA's Position

The FDA staff have refused to estimate the number of lives that could be saved by shortened drug approval times. The staff claims that it is hard to estimate how many patients have not benefitted from experimental or new drugs. Furthermore, FDA staff also believe that any FDA confirmation that lives would be saved is an admission that FDA is killing people by slow approvals.

Our Estimate

We estimated that "millions of lives" would be saved over a period of 25 years. For a total of one to two million lives saved, 40,000 to 80,000 deaths would need to be prevented each year. Given that 750 new drugs are expected to be approved over the course of the next 25 years, and that each would be approved in 3.75 years less than it now takes, these savings in lives appeared reasonable. Working backwards, each more rapid approval of a new drug would prevent, on average, 1,000 to 3,000 deaths that would otherwise occur because of the unavailability of the new drug. Many more lives will be saved by new drugs treating major causes of death. Data from Sam Kazman of the Competitive Enterprise Institute present examples of how deaths were prevented by the approval of two new drugs.

The 1988 approval of misoprostol was the first drug to prevent certain gastric ulcers caused by aspirin and other nonsteroidal anti-inflammatory drugs. Estimated annual deaths were 10,000-20,000. Of these 8,000-15,000 are now saved by this drug each year.

In 1987 FDA approved the drug streptokinase--the first drug which could be intravenously administered to reopen the blocked coronary arteries of heart attack victims. Of approximately 700,000 heart attack patients hospitalized each year, 9% die in hospital and thus, streptokinase could save 11,000 lives each year; each year saved in the approval time would save 11,000 lives.

SAVINGS IN DOLLARS

The "billions of dollars" was derived from Tuft University's Center for Drug Development that estimated a total cost of \$231 million for each new drug that receives FDA approval. For each approved new drug, a 1.5 year saving in FDA approval time alone will save an estimated \$28.5 million on average for each new drug or 12.3% of the total cost. With accelerated approval drugs, the total savings would be increase on average to \$60 million or 26% of the current cost.

In the US roughly 30 new drugs are approved each year. Depending on whether these drugs fall into accelerated approval or not, the savings per year range from at least \$755 million per year to as much as \$1,800 million.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 29, 1992

FACT SHEET ON THE PRESIDENT'S REGULATORY REFORM INITIATIVE

In a Rose Garden speech, the President today gave a report on the regulatory reform initiative he launched in his State of the Union address. He also outlined several additional steps to reduce the regulatory burdens that are ultimately borne by every American consumer and worker.

The President observed that excessive and misguided regulatory requirements "impose hidden taxes and costs on society" and often have unintended, pernicious consequences. For example, when Congress tries to legislate the fuel efficiency of our cars, "highway fatalities can increase and American auto workers can lose jobs."

Three months ago, the President took decisive action to reduce these hidden taxes. He asked the major federal regulatory agencies to set aside a 90-day period to evaluate existing regulations and programs and to accelerate initiatives that will create jobs and economic growth. He also imposed a moratorium on new regulations that could unnecessarily hamper economic growth.

As described in detail below, the President's reform initiative, under the guidance of the Council on Competitiveness, has already produced a substantial reduction in the burden of federal regulation. As shown in the attached table, the Administration's best estimate is that the reforms it has completed or set in motion since January 28 will ultimately save American consumers and workers roughly \$15 to \$20 billion per year (although the savings could be as high as \$22 billion or as low as \$10 billion). That amounts to between \$225 and \$300 per year for the average American family. These actions will also increase the amount of available credit by approximately \$15 billion, making home ownership more affordable and providing the financing necessary for further business expansion and job creation.

As the President emphasized, this is "just a down payment on savings to come."

1. Additional Steps Announced By The President To Reduce Regulatory Burdens. To ensure that the entire federal government continues to give highest priority to regulatory reform, the President took the following steps:

- o Expedited Timetable For Implementing Additional Reforms. During the 90-day review, Federal regulators identified hundreds of rules to be modified or repealed in the near future. The President announced that he has asked regulatory agencies to implement these and other reforms identified during the review period on an expedited schedule.

- Specifically, the President asked that actions not requiring additional public comment be completed by August 1, 1992, and that, wherever possible, actions requiring public comment be finalized by September 1, 1992.

- Each agency will submit an updated report on these activities to the President on September 1, 1992.

- o Extension Of The Regulatory Moratorium. The President also announced that, in order to ensure that adequate resources continue to be devoted to the regulatory reform initiative, the moratorium will be extended by 120 days. He again emphasized that the moratorium does not cover regulations needed to protect against imminent threats to human health or safety. He also requested that all federal agencies prepare a thorough cost-benefit analysis of each major rule issued during the moratorium period.

- o Better Cost-Benefit Analysis Of Legislative Proposals. Finally, the President directed federal agencies to estimate the likely costs and benefits of legislative proposals under active consideration by Congress or to be proposed by the agency. The Office of Management and Budget, in consultation with the Council of Economic Advisors, will provide technical guidance on the preparation of these estimates.

2. Impact Of The President's Initiative Thus Far.

Discussing the success of the 90-day review, the President noted that every agency asked to participate in the initiative has already taken concrete steps to reduce regulatory impediments to economic growth. Indeed, federal agencies took more than 200 separate actions. Following are some of the most significant reforms completed or initiated during the 90-day review:

- o Accelerating Approval Of New Drugs. The FDA recently announced important reforms that will reduce by as much as four years the overall time it takes to develop breakthrough drugs. These actions, which are the culmination of efforts begun by then-Vice President Bush's Task Force on Regulatory Relief, will ultimately save millions of lives as well as billions of dollars.

- As a result of these reforms, patients will have earlier access to drugs to treat diseases such as cancer, AIDS, Alzheimer's disease, depression, and cystic fibrosis.
- Under a pilot program, these reforms made it possible for the AIDS drug DDI to receive FDA approval in only six months.
- o Protecting Workers' Rights. The President signed an Executive order requiring Federal contractors to inform employees of their rights under the Supreme Court's Beck decision.
 - This action will help ensure that nonunion employees are not forced, through mandatory union dues, to support political causes with which they disagree. Between two and three million of the 19 million workers represented by unions are not union members, but must pay compulsory fees.
 - An employee who elects to exercise his or her Beck rights would receive a refund of approximately \$400 per year. This annual refund amounts to about a week's wages for workers represented by unions.
- o Reducing Regulatory Burdens On Biotechnology. The U.S. is the world leader in high-tech biotechnology -- the use of biological processes to make products with living organisms. Until recently, this innovative new technology was singled out for increased regulatory oversight, despite a scientific consensus that it poses no inherent risk.
 - Under a new policy developed by the President's Council on Competitiveness, federal regulators will exercise oversight only when a specific product poses an unreasonable risk.
 - With the help of this new policy, the U.S. biotechnology industry is expected to grow from a \$4 billion to a \$50 billion a year industry by the year 2000, providing innovative products for American consumers and new jobs for thousands of American workers.
- o Reducing Food Prices. Labeling costs are part of the price of foods all Americans buy. To reduce these costs and provide needed flexibility, the Department of Agriculture will implement an exemption from labelling requirements for small businesses. To ease the transition to new labeling standards, the USDA is also extending the implementation period for another year.

- o Reducing Financing Costs. Financing costs are a significant part of the price of almost all goods and services. The Administration has taken several actions to reduce these costs.
 - The Office of Thrift Supervision issued a rule permitting nationwide branching by the Nation's 2,000-plus savings associations. This change will foster safe, sound operations and will result in savings to borrowers and lenders of up to \$1.5 billion dollars annually. For a typical family taking out a \$100,000 30-year loan on a new home, for example, these changes could translate into a \$180 reduction in annual mortgage payments.
 - The four Federal agencies that regulate banks and thrifts -- the Federal Reserve Board, the Federal Deposit Insurance Corporation, the Comptroller of the Currency and the Office of Thrift Supervision -- have agreed to apply uniform policies and procedures in supervising banks and thrifts. This change, which builds on proposals made by the Task Force on Regulatory Relief in 1985, will eliminate unnecessary compliance costs incurred by financial services institutions.
 - By clarifying that lenders are ordinarily not liable for environmental damage done by their borrowers, EPA removed a significant barrier to lending that will increase credit availability.
- o Helping Small Businesses Raise Capital. Small businesses account for more than two-thirds of new jobs. The Securities and Exchange Commission has taken a number of actions to eliminate barriers to investment in small businesses, thereby facilitating business expansion and increased employment.
 - The SEC issued a proposed regulation to increase from \$500,000 to \$1 million the amount that a small business can raise through stock offerings without registering with federal authorities.
 - Also, the SEC has made it possible for thousands of small businesses to use streamlined registration forms. If used by one-quarter of eligible businesses, up to \$18 billion could be raised in initial public offerings under one of these new forms. Such businesses could thereby save more than \$180 million on legal and accounting fees.

- The SEC has also published an interpretation that would allow mutual funds to invest a greater percentage of their assets in the securities of small businesses, further increasing the capital available to this dynamic part of our economy.

o Reducing Transportation Costs.

- Shipping costs for consumer goods account for about 8 percent of the average family's budget. To reduce these costs, and to eliminate unnecessary regulatory burdens of some 52,000 small trucking companies, the Interstate Commerce Commission initiated a proceeding to abolish a regulation requiring motor carriers to keep a unique set of "regulatory" accounting books in addition to standard financial and tax records. The ICC also initiated a proceeding to spare motor carriers from having to obtain a registration stamp for each of their vehicles from each state in which they operate.
- To reduce air travel costs, the Department of Transportation has implemented its "open skies" policy, which provides open access to U.S. markets for all European countries willing to permit U.S. air carriers free access to their markets. Increased competition will lead to lower fares and increased spending in the U.S. by foreign visitors.

o Implementing The National Energy Strategy. The Federal Energy Regulatory Commission has taken several steps to achieve important objectives of the National Energy Strategy.

- It adopted a major natural gas pipeline restructuring rule that will promote competition in the gas industry and increase the use of this clean fuel. The FERC's reforms in the natural gas pipeline industry will eventually reduce utility bills for the 50 million households that heat with natural gas.
- It issued a proposal to allow "incentive regulation" for interstate natural gas pipelines, oil pipelines and electric utilities. This new policy will give these companies a greater incentive to innovate and to economize on operating costs.
- It has also issued a proposed rule removing regulatory barriers to the sale of natural gas as a fuel for use in motor vehicles.

o Meeting Environmental Goals In A Cost-Effective Manner.

- The Administration has developed several innovative, market-based approaches to reduce the costs of meeting the Clean Air Act's stringent standards. One such initiative, known as "Cash for Clunkers," will help businesses meet the tough standards of the Act by giving them emission reduction credits if they take older, high-polluting automobiles off the road.
- The Commodity Futures Trading Commission has contributed to these efforts by implementing expedited procedures for approving new futures contracts. One of the first contracts approved under these new procedures was a futures contract in sulfur dioxide allowances. This new investment vehicle will significantly reduce the costs to utilities of complying with Clean Air Act standards, thereby ultimately reducing consumers' utility bills.

o Creating More Competitive Communications Markets.

- The Federal Communications Commission took steps to allow competition among international communications satellite systems. Its actions will lead to lower prices for the more than one billion phone calls made each year between the U.S. and other countries.
- In an effort to strengthen the rapidly changing broadcast business, the FCC increased from 12 to 30 the maximum number of FM and AM radio stations that can be owned by a single owner, and for the first time will allow ownership of more than one AM or FM station in a market.

o Clarifying Antitrust Guidelines. The Department of Justice and the Federal Trade Commission announced a unified antitrust enforcement policy for the more than 1000 mergers and acquisitions reviewed by these two agencies each year.

- Where stiff international competition already exists, the new guidelines will make it easier for American companies to achieve the economic clout they need to compete effectively in the global marketplace.
- A common policy will provide greater certainty about the standards to be applied in enforcing the antitrust laws, as well as a more reasoned analysis of the competitive effects of mergers.

- o Reducing Barriers to Exports of American Goods. The Department of Commerce has eased a variety of outdated export regulations that limited the ability of American businesses to export goods such as computers and semiconductors. These actions will eliminate licensing requirements for 2000 to 3000 transactions annually, thereby facilitating some \$2 to \$3 billion of exports.

#

**Estimated Annual Cost Savings from Actions Announced by
Agencies During the 90-Day Regulatory Reform Initiative**

<u>Agency or Department</u>	<u>Cost Savings (\$ millions)</u>
Department of Agriculture	79 ¹
Department of Commerce	2
Commodity Futures Trading Commission	5-8
Department of Defense	10-20
Department of Energy	1-20
Equal Employment Opportunity Commission	3
Environmental Protection Agency	897-3342
Federal Communications Commission	258
Federal Energy Regulatory Commission	2600-5900
Federal Maritime Commission	147
Department of Health and Human Services	1600-2700
Department of Housing and Urban Development	100-170
Department of the Interior	63
Interstate Commerce Commission	851-3301
Department of Labor	1884-3084
Nuclear Regulatory Commission	6
Department of Transportation	121-1200
Department of the Treasury	1554
Total	10,181-21,857+²

Best Estimate: \$15-20 billion

¹Does not include \$330 million of one-time savings.

²Many of these agencies announced additional initiatives for which cost savings estimates are not yet available. Although these measures will reduce costs to consumers and businesses, for the purposes of this table, they are currently carried at zero. In addition, a number of agencies, including the Securities and Exchange Commission, the Federal Deposit Insurance Corporation, the Federal Reserve Board, Federal Trade Commission, the Department of Justice, and the Department of Education, announced initiatives for which cost savings estimates are not available.

5/12/92

SOME EXAMPLES OF THE IMPACTS OF STRINGENT FEDERAL ENVIRONMENTAL REGULATIONS ON CITIES

Columbus, Ohio: Last year the City of Columbus conducted a study which found that during the next ten years the cost to the City for complying just with current federal environmental mandates will rise from \$62 million annually to \$136 million annually. The entire City budget for 1991 was \$591 million. The City attributed a large portion of the costs to regulation of "perceived" risks based on "conservative" risk assessments that are not based on sound science.

Contact: Mike Pompili, Assistant Health Commissioner: 614/645-8191

San Diego: EPA is forcing the City to make \$1.5 billion worth of improvements in its water treatment system in order to reduce levels of dissolved oxygen in effluent that is discharged into deep ocean waters. City officials assert that environmental benefits would be non-existent or *de minimis*.

Contact: Roger Fronfelder, Deputy City Manager: 619/236-7223

Anchorage: EPA is requiring the City to remove at least thirty percent of the organic content of the water it treats. Because the City's water was so clean to begin with, it had to persuade fish processors to dump fish guts into the water so it could then remove organic content and meet EPA's requirements. In another example, while improving a road a City contractor encountered some oil soaked soil. EPA required the City to remove the soil and dispose of it at a hazardous waste site. This cost the City roughly \$370,000 and wiped out its road budget for the year, and the City asserts that there was no environmental benefit.

Contact: Paula Easley, Mayor's Office: 907/343-4431

Lewiston, Maine: EPA requirements for drinking water could force the city to spend \$17 million on additional drinking water filtration in order to reduce turbidity and pollution from waterfowl during one or two weeks of the fall migration period. City officials feel they would be getting no significant health protection improvement from the filtration, while they really need to spend the money replacing the City's old, rusted water pipes.

Contact: Bob Mulready, City Administrator: 207/784-2951

Los Angeles: Despite the regulatory moratorium and review, EPA is attempting to promulgate a rule that would dictate numeric water quality criteria for toxics in seventeen States. Los Angeles and numerous other cities and public entities in those

Environmental Rules Are a Major Expense For Small Businesses

Continued From Page B1
outside specialists. Richard Cox Jr., president of Camden Tanning Corp. in Camden, Maine, says the latest puzzles are the rules governing hazardous-waste disposal. "Where does it go?" he wonders. "How much do we send in? We're not engineers, so we try and do the best we can. You can't fight 'em."

Mr. Cox says his company, which tans leather on contract for manufacturers, spends about one-third of its fixed overhead on environmental items. "Our biggest problem is the paper work. If they require a study, we have to hire somebody. That could be \$30,000," he says.

Bo Brasfield, co-owner of B&M Tractor Parts Inc. in Taylor, Texas, says complex new rules on disposing of tires and waste oil are counterproductive. "You have less liability if you go out in the middle of the night and dump it in a ditch. They've created a monster," he says.

In the past three years, Mr. Brasfield says he has spent about 25% of his working hours, and B&M has spent \$68,000, or about 3% of sales, to comply with environmental rules. "That doesn't leave you just a whole lot," he says.

Mr. Anderson's adventure in digging up his storage tanks reads like an environmental soap opera. Like many states, Michigan has tried to ease the pain of excavation by setting up a trust fund to pay for all but \$10,000 of owners' removal costs. The fund, which totaled \$41.6 million last April 30, is financed by a fee on wholesale sales of gas and oil.

To remain eligible for reimbursement, a tank owner has to follow a strict timetable, spending money at each step. But the reimbursement pipeline is clogged. Mr. Anderson, for instance, says he still hasn't seen a penny from the trust fund.

Among the expenses he says he has incurred since 1990: \$500 for registering his tanks with the state; \$375 to purchase a state-required surety bond; \$1,100 to test the contents of the tanks before excavation; \$25,000 to dig up the tanks; \$73,000 to fill the holes; and roughly \$12,000 in consulting fees.

State law stipulates reimbursement for approved expenses within 90 days. But Sarah Burton, the private consultant supervising Dreisbach Buick's tank-removal project, says payment typically takes "nine months to a year, easily." Meanwhile, she adds, "You have to keep forking out money to stay eligible."

Dreisbach Buick isn't on the ropes. Mr. Anderson says business has "dramatically improved" from last year. But he is angry over a program that requires him to spend large sums with no apparent payoff to his company or to the public. "It's terribly inefficient, and it's a criminal use of capital," he says. "I could take that money and buy 10 used cars and turn those cars in 60

Indiana Town Illustrates the Effects Of Proliferating Anti-Pollution Laws

By JOAN E. RIGDON

Staff Reporter of THE WALL STREET JOURNAL

BLOOMINGTON, Ind. — Paul Myers is still shaking his head over "fugitive dust." He says he recently scrapped plans to set up an asphalt business on the outskirts of Bloomington because an inspector ruled that his trucks *might* spew dust from the unpaved land onto adjoining real estate. Neighbors invoked a state law defining any visible dust that crosses a property line as air-polluting fugitive dust.

Rather than help pay for new roads, Mr. Myers found another site. Regulators "listened to a bunch of emotional people who didn't know what they were talking about," he complains.

He isn't alone. A look at Bloomington—a town of 90,000, including Indiana University's student body of some 30,000—shows how the growth of environmental regulation can lead to a wide range of problems and irritations for business owners.

Changing Times

Time was, builders in Bloomington burned lumber scraps out in the open, farmers sprayed their crops without precautions and garbage trucks dumped everything from paint cans to asbestos tiles into landfills.

In towns across the country, a lack

days and make an average \$1,000 each."

The state blames its own budget problems, and resulting administrative-staff shortages, for much of the delay. "We had no idea of the scope of the problem we were dealing with," says Amy Carter, acting coordinator of Michigan's effort to remove the defective tanks.

The state has identified 7,000 problem tanks; so far, 2,700 of them are listed as reimbursable under the 1988 program. "We're backed up, and we admit it," Ms. Carter says. "When you have 1,000 reports on your desk, and it takes a day and a half to read one, you have panic."

And frustration. "I don't know how long this saga is going to last," Mr. Anderson sighs.

He has plenty of company. "It's pretty typical, and he's not done yet," Ms. Burton says. Indeed he isn't. True, the five tanks are gone from his property, cut up and sold for scrap metal. And the oily dirt has been removed to a landfill.

But now comes Phase II. Mr. Anderson's consultant says the state will undoubtedly order the car dealer to sink from four to 10 shallow wells around the perimeter of the old tank storage area to establish if oily water remains in the soil and, if so, to see how far it has seeped.

This means hiring a drill rig, monitoring the well and, perhaps, capturing the water and removing the pollutants. "A nice Phase II investigation with a report," Ms. Burton says. "We're talking \$25,000."

of laws has allowed many small businesses to become big polluters. The Natural Resources Defense Council says it may be safer to live next door to a chemical plant in the country than in towns, where people sleep, eat and work close to chemical-based businesses such as dry cleaners and car painters. Small businesses are a "significant contributor" to cancer-causing pollution, says Debbie Sheiman, an air-pollution specialist for the council.

In recent years, environmental regulations have proliferated at all levels of government. Without these regulations, "the environment's going to get so bad that it just won't be worth living in," says Bloomington environmental commission member Kevin Komiscarik.

But developer Earl Cooper derides some local statutes, such as one requiring property owners to prevent erosion by placing bales of hay around any soil dug from the ground. Regulations "really keep getting more absurd," he says. For a time, he ignored an ordinance against burning trash but ended his rebellion after being told the next violation could bring a fine of up to \$10,000.

Abusing a Loophole

Some scrap burners find a way around the ordinance by abusing a loophole that allows for an occasional outdoor flame. "Every day but a hot day you're allowed to build a fire to keep your hands warm," says developer Rodney Young.

Other business owners think they have cause for complaint. David Himm, manager of Bloomington's Fell Iron & Metal scrap yard, says he still has trouble getting bank loans because more than a quarter of a century ago the previous owners recycled material contaminated with toxic polychloryl biphenyls, or PCBs. Since then, his scrap yard has been cleaned up by the Environmental Protection Agency.

Under federal law, banks can be held liable for environmental cleanup costs incurred by their customers. The threat of environmental litigation "scares the living hell out of lenders," says Richard Haynes, president of Bloomington's Workingmens Savings Bank. As a result, Mr. Himm says he has had to use his home as collateral for business loans and ask his family for financial help.

Unable to sell or expand his business, Mr. Himm is bitter. "Fifteen years from now, they could say iron filings have contaminated the ground," he says. If that happens, he wonders, "am I going to lose my home?"

Spanish Inflation Rate Rises

MADRID—Spain's underlying inflation rate, a measure of consumer prices, excluding food and energy, rose 0.3% in May from April, the National Statistics Institute said.

File: Speedy

OMB's Logic: Less Protection Saves Lives

Letter Blocking Health Standards for 6 Million Workers Shocks Officials at Labor Dept.

By Frank Swoboda
Washington Post Staff Writer

The Office of Management and Budget has blocked new health standards for more than 6 million workers in the construction, maritime and agricultural industries on the theory that less protection may save more lives than adding regulatory costs to employers.

The novel theory, outlined in a letter from OMB to the Labor Department last week, argues that added regulatory costs could force an employer to either lower wages or cut employment. If this happens, OMB asserts, it could have a negative impact on workers' health because, it says, higher-paid workers tend to take better care of themselves and if they can no longer afford to do so, more may be killed than saved.

At issue are standards proposed by the Labor Department's Occupational Safety and Health Administration to set permissible exposure limits (PELs) for more than 1,000 substances used in the three industries. The standards, which were approved nearly four years ago for all other industries, are designed to protect workers from excessive exposure to hazardous substances in the workplace.

OMB said it would not consider the proposed regulations until the department completes an analysis showing whether the new rules would have an adverse effect on wages and employment levels in the affected industries. Departmental sources predict such a study could take several years and still would be inconclusive.

The letter has caused an uproar in the Labor Department, where officials warn it could have an impact on all federal regulatory agencies. "If this is the new approach OMB is going to take, it's not going to just affect OSHA," a Labor Department source said.

OMB officials said yesterday the letter represents OMB policy and would apply to all federal regulatory agencies.

Peg Seminario, director of health and safety for the AFL-CIO, called the OMB position "really looney." She said the "analysis they're asking for sort of comes out of thin air and is not required by law. This goes well beyond anything required and it would be impossible to do."

The OMB directive comes as the White House has declared a 90-day

moratorium on new federal regulations. It also coincides with an announcement by President Bush during a campaign trip to Detroit last week that the auto industry would not have to build cars that would keep gasoline fumes from escaping during refueling.

A senior department official said OMB has put Labor Secretary Lynn Martin in an "incredibly awkward position." Any showdown with OMB is apt to be a major, public test of how much clout Martin has with Bush. Martin, a 10-year veteran of Congress, often has traded on her close ties to the president in dealing with department issues. "This is going to be hot," a department source said.

OMB last Friday refused a formal department request to withdraw the letter. Yesterday, under Martin's direction, the department was drafting a reply to OMB. It questions OMB's legal authority to force OSHA to weigh safety benefits against economic risks for federal health standards. The Supreme Court ruled in 1981 in a case involving cotton dust standards that cost-benefit analysis was illegal in determining health standards.

The draft, being circulated in the department, also suggests that if OMB wants to create a new policy such as the one outlined in the OSHA

letter, it should publish a proposal in the Federal Register and let all the regulatory agencies comment on it.

James B. MacRae Jr., acting administrator of OMB's Office of Information and Regulatory Affairs, wrote: "The positive effect of wealth on health has been established both theoretically and empirically. Richer workers on average buy more leisure time, more nutritious food, more preventive health care and smoke and drink less than poorer workers."

"Government regulations often have significant impact on the income and wealth of workers. To the extent that firms cannot pass on regulatory compliance cost increases to consumers, firms will absorb these costs by cutting wages and by reducing employment."

Therefore, MacRae wrote, "OSHA should estimate whether the possible effect of compliance costs on workers' health will outweigh the health improvements that may result from decreased exposure to the regulated substances." He said he was sending the proposed draft regulations back to the Labor Department for further analysis "to compare the health effects of these income changes to the health benefits that OSHA attributes to reduced exposure."

In requesting the analysis, MacRae cited a recent federal appeals court case involving OSHA

and the United Auto Workers union. He cited research asserting that every \$7.5 million in additional regulatory expenditures may result in an additional death from lowered worker income. Because the proposed OSHA regulations would add an estimated \$163 million in annual employer costs, MacRae argued in his letter, the new rules could result in an additional 22 deaths. Because OSHA estimates the new regulations would save 8 to 13 lives a year, MacRae reasoned, there would be a net increase of 8 to 14 deaths a year.

MacRae's letter came as a complete surprise to top managers at the Labor Department. "It came totally out of the blue," a senior official said.

Other department sources used words such as "bizarre" and "ridiculous" to describe the MacRae letter. "I've never seen anything like it from OMB," said a source. "The majority of the people who looked at it in the department were absolutely shocked."

What worries policymakers at the Labor Department is the fact that MacRae, a career civil servant who has been acting head of his division for nearly four years, has the last say on most federal regulations. "He is essentially the final word," said a department source. Department officials said that under normal circumstances, negotiations between OSHA and OMB are conducted at a lower staff level, with MacRae hearing any appeals when there is disagreement. This time, a department source said, "there were no phone calls from the OMB staff and suddenly there's a letter. There's no indication why anything like this happened."

In an interview yesterday, MacRae said "the letter stands by itself" and represents OMB policy.

"I'm not on my own. I do what I'm told to do," MacRae said. He said the analysis requested in his letter to the Labor Department was "certainly something that's worthy of all [regulatory] agencies to take note of."

MacRae said that if OSHA was so concerned about further delay, it would have completed standards for the three industries years ago, shortly after the general industry standards became final. "As far as I'm concerned, it is a valid consideration and we're awaiting a reply from the Department of Labor," MacRae said.

REMARKS BY DAVID McINTOSH
EXECUTIVE DIRECTOR,
PRESIDENT'S COUNCIL ON COMPETITIVENESS
TO THE FORT WAYNE CHAMBER OF COMMERCE
JULY 22, 1992

Good afternoon. First, I'd like to thank the Chamber of Commerce on behalf of Vice President Quayle and the Council on Competitiveness for inviting me back to Indiana. It is my privilege to share with you what's on the agenda for the President's Council on Competitiveness.

It's good to be here in Indiana for two reasons. First of all, it's great to be in the Midwest. I grew up in a small town just 30 minutes North of here, Kendallville. So I appreciate the value of being raised a Hoosier. As the Vice President puts it, the people are nicer, they work harder, and there's nothing better than true, midwestern family values.

In Indiana, we are particularly fortunate to have strong political leadership. Our Senators, Richard Lugar and Dan Coats have made a commitment to the people of Indiana to protect and promote family values. They are working to get our economy growing again -- without putting a burden of new taxes on the working men and women of the Hoosier State. Senator Dan Coats has been a strong supporter of the Vice President's efforts to rid our legal system of excessive legislation. He has co-sponsored our reform legislation and supports product liability reform and medical malpractice reform. Let me say this, Indiana's Senators have been an enormous help to President Bush and Vice President Quayle.

The second reason that I'm glad to be here, is quite frankly, that I'm not in Washington.

There has been a lot of criticism leveled at Washington politicians lately. The American people no longer think that unelected Washington bureaucrats know what is best for the nation. Let me tell you -- the American people are right.

Across the country we have seen a resurgence of the "throw the bums out" attitude. It has been growing steadily in reaction to, among other things, run away budget deficits, congressional check bouncing, wasteful spending, unauthorized "perks", and the inability to pass meaningful reform legislation.

President Bush has taken decisive steps to fundamentally reform the way things are done in Washington.

- He has submitted legislation to end special privileges for Congress. It is time that civil rights laws that protect against age, race, sex and disability discrimination apply to Congress just like the rest of the country.
- He has proposed limiting the terms of Members of Congress to 12 years. He has submitted a growth package that would reduce capital gains and other taxes and stimulate economic growth in our country once again. He supports a balanced budget amendment.
- And, he has implemented a moratorium on new regulations since his State of the Union Address in January. He directed the Council on Competitiveness to continue efforts he initiated in the Reagan Administration as Chairman of the Task Force on Regulatory Review to reform the regulatory process and remove excessive red tape and burdensome regulation.

Two Views for the Future

Today, America stands at a threshold that will determine the course our country is to take into the next century. Americans will choose between two competing views of how our society should be organized.

On the one hand, President Bush and Vice President Quayle have strongly articulated the belief in a free market system--a system that promotes individual liberty and freedom for all, that provides economic opportunity and the promise of well-being for everyone who is willing to work and try to succeed, and an economy where competition brings out the best in all of us. This competition will continue to spur America on to be the best country in all the world.

On the other hand, we see the shopworn ideas of central planning and social engineering being repackaged as a new covenant founded on big government. The purveyors of this false covenant promise something to everyone, but fail to mention that the American people will be left to pay the tab. This Trojan Horse is meant to disguise the outdated ideas of environmental extremists, self-appointed consumer advocates, and liberal special interest groups and their allies who man the bureaucracies back in Washington.

But, Trojan Horse or not, these conflicting world views are not new. They were explained by Churchill in his last speech on the hustings:

"Among our socialist friends there is great confusion about private enterprise. Some see it as a predatory tiger to be shot. Others see a cow to be

milked. Only a handful see it for what it really is-- the strong and willing horse that pulls the whole cart along."

These two world views can best be distinguished by their basic premises. The Council on Competitiveness uses four fundamental principles in implementing our assignment from Vice President Quayle.

First, a free market and a competitive economy are the best allies of the American people. Our economy is what made America a world leader, and it is a strong economy that will keep America at the forefront of a rapidly changing global market. Second, there are some times when free markets do not work completely. Individuals can impose costs upon their neighbors such as the pollution that may be sent into the air on one man's property and land onto his neighbor's. In these cases, it may be appropriate for the government to take action to prevent this harm.

However, a third principle is mindful of the fact that, in most cases, government regulation is costly and unnecessary. The less regulation, the less government intrusion into people's lives, the better.

Fourth, the protection of private property is absolutely critical to the success of the free-market system. The principle of private property is one of the fundamental American values that is essential to our free market, capitalist system. Today Eastern Europe and Russia are throwing off their communist systems and adopting notions of private property and free markets. It is ironic that here in the United States we have seen an ever accelerating trend toward taking away private property rights by federal regulation.

The Constitution protects private property rights and says that landowners must be paid just compensation when the government takes their property. It used to be a landowner knew when the government was doing that, because it parked tanks on the land or took and built a runway for an airport. When the government did this, they paid the fair value of the land.

Today, government regulations are not quite so obvious. Regulators come in and say, "You can't use your land for this, you can't use your land for that," or in some cases, "You can't use your land at all, but it's still yours, so we don't have to pay you the money." Well, if you can't use your property, it's as bad as having tanks parked on it or a runway built over it. Now the Supreme Court in Lucas and other decisions has recognized that the landowner does indeed have a constitutional right to compensation for regulatory takings. Perhaps Wayne Shotey, a farmer from Syracuse, Indiana described the problem best when he asked,

"If government can control any of our lands that are privately owned, what keeps them from controlling all? What happens to private property rights?"

Let us contrast these four principles with the fundamental principles of the opponents of the Council on Competitiveness. Probably the best source for these principles can be found in a recent book published by Senator Al Gore entitled Earth in the Balance: Ecology and the Human Spirit.

The guiding principles of those who oppose the Council on Competitiveness stand in direct contrast to the principles we follow.

First, they unabashedly stand for central government planning as opposed to the use of market forces. Free markets stand as a threat to the central planners because they cannot control them. America needs to fully implement command-and-control, top-down decision-making. Government regulation is the preferred option, not the alternative of last resort. And there is no place for property rights.

History has provided us with a clear lesson of the failures of the command and control policies in the former Soviet Union and Eastern Europe. Indeed, history has shown that these countries are not only the worst economic systems in the world, but also have inflicted the most harm to their environment of any countries on the Earth. It is obvious to all of us that the great experiment in communism has failed miserably. The great experiment in central planning and international bureaucracy has failed miserably. It is no wonder, then, that the proponents of these ideas are now forced to use a Trojan Horse of promised moderation in order to have any hope of foisting them upon the American people.

Second, they call, both explicitly and implicitly, for the abdication of democratic lawmaking in favor of multinational treaties. They prefer global bureaucracies, which have no checks and balances, and are not accountable to the people. To them, the "Europeanization" of our society is necessary so that all nations follow the same rules and standards. (And these rules are designed to rig the system so that America pays most of the bill-- as much as \$100 billion, and is placed at a competitive disadvantage.) Only unelected bureaucrats are capable of understanding the problem, and hence able to devise solutions.

Third, they believe that the United States must abandon rational, science-based, decision-making in the promulgation of environmental regulation. Disaster is too imminent to employ benefit-cost analysis. We must sacrifice our very livelihoods to combat even speculative problems. The costs of regulation must

be high to punish us for our past greed.

Fourth, they blame America first -- the American people are the problem. Let me quote to you from one of the most surprising passages of Al Gore's book:

"Again we must not forget the lessons of World War II. The Resistance slowed the advance of fascism and scored important victories, but fascism continued its relentless march to domination until the rest of the world finally awoke and made the defeat of fascism its central organizing principle from 1941 through 1945. But too many ignored the early warnings...

...The world is once again at a critical juncture. A relentless advance is again claiming victims throughout the world, and again courageous men and women are standing in the path of destruction and calling upon the rest of the world to help stop the invasions. But this time we are invading ourselves and attacking the ecological system of which we are a part."

They have met the enemy -- and it's the American worker who toils in a steel mill, the American farmer, and the American small businessman.

The differences that these two approaches will have on the average American's life can be seen in the key reforms for which President Bush has turned to the Council on Competitiveness, chaired by Vice President Quayle, to implement.

Civil Justice Reform

First, we need to reform our civil justice system. As Vice President Quayle asked the American Bar Association, "Does America really need 70% of the worlds lawyers?" Often the lawyers earn 50% or more of the amount paid out in lawsuits. We have proposed over 50 reforms to eliminate incentives for lawyers to file frivolous and excessive lawsuits.

Our reforms will:

- o Free up people from the heavy load of excessive litigation. It stops innovation, shuts down community projects, and ultimately costs consumers.
- o Speed up justice for legitimate claims, by unclogging courts of abusive lawsuits.
- o End the abuse of junk science.

Regulatory Relief

The second major reform the President has tasked the Council on Competitiveness with is stopping excessive regulations.

The burden of excessive Federal regulations on American citizens is enormous. One study shows they cost us \$400 billion per year -- that's \$4,300 per household each year.

Often times, we see regulations that are just plain stupid. They are counterproductive, they don't work, they impose needless headaches and costs on the little guy out there in the real world. And when we see these stupid regulations, we go back to the bureaucrats in Washington and ask them -- "WHY?"

Let me share with you a few choice examples of some of the stupid regulations we see.

Flooding Balcony rule. We call one of them the "flooding balcony" regulation. Anybody who has been involved in construction of apartment buildings knows that when you build a balcony so that the tenants can go out and enjoy the fresh air, you put it about an inch or two lower than the doorway. One of the well-meaning laws we have in Washington is to ensure that the handicapped can have access to buildings.

As the regulators were drawing up the regulations to enforce this act, they realized that someone in a wheelchair would have difficulty getting out onto the balcony. They decided to require that the balconies be raised level with the doorways. This seems like a good idea. But, when we showed it to people who know about building apartments, they came back to us and said, "You really don't want to do this. The first day it rains, everybody's living room will be flooded." So we went back and told the regulators and said, "This is one we don't need."

The Dangers of Showering. Another one of my favorites is an EPA draft study that came across my desk the other day about the inherent dangers of taking showers. It turns out that, because we put chlorine in our water to make it safe, minute amounts of this substance are released when you take a shower. Now before anyone did a reality check, this discovery sent off alarm bells that showers may be hazardous to your health. But fortunately when we looked into it further, we found out it was safe to shower after all.

EPA v. the Tooth Fairy. Not long ago the Environmental Protection Agency declared that extracted baby teeth were considered "hazardous waste" and therefore couldn't be returned by dentists. So much for the Tooth Fairy. They have changed this -- now kids can take home healthy teeth to put under their beds at night.

CAFE. One of the most frustrating examples of stupid regulations are fuel efficiency standards. In the name of a good cause--saving energy and more fuel efficient cars -- Congress has created something called the "Corporate Average Fuel Efficiency" the CAFE standard -- not a new fast food chain.

The consumer doesn't really benefit, because the net effect of this regulation is that consumers are forced to drive smaller cars. Studies have shown that these smaller cars lead to more traffic fatalities and more injuries on our highways. In Indiana alone, this legislation will lead to 22-24 more highway fatalities annually. The Competitiveness Council has lead the charge against efforts by Senator Gore and his cohorts on Capital Hill to make these CAFE regulations even higher. So here we have another example where someone back in Washington thinks he knows what's best for the American family when it comes to buying a car.

Who pays for these regulatory excesses?

American workers, farmers, consumers, small business and, ultimately, the taxpayers pay for these excesses.

- o The American workers pay, when they lose their jobs because regulations force factories to shut down or move overseas.

For example, another problem with the CAFE rules is the effect that these standards have on U.S. auto companies. They put Ford, G.M., and Chrysler at a disadvantage vis a vis their foreign competitors. Of course, this means that American workers here in Indiana, lose their jobs. In fact, because of one provision in this regulation, U.S. companies are encouraged to buy foreign auto parts in order to avoid the regulatory burden.

I know from personal experience just how important the auto parts industry is to economic growth in communities like your own. When I was a young man, working my way through college, I had a summer job at the Kendallville Foundry. We stoked the cupola, poured the cast iron, and produced the castings that eventually became parts for automobiles manufactured in Detroit. For me, this was a summer job to help pay for college. But for many of my colleagues, the men who worked in that foundry, this job was their livelihood. It allowed them to put bread on the table for their families; buy clothing for their children; and, if they worked hard and saved, perhaps one day help pay for their children to go to college as well. The thought that these jobs would be sent overseas because of federal regulation dreamed up by some uncaring bureaucrat in Washington is unconscionable.

What do the proponents of central planning say about CAFE

regulation? Al Gore, states unequivocally:

"The government must establish higher mileage requirements for all cars and trucks sold in the United States."

He is co-sponsor of the bill to raise the current average from 27.5 mpg to over 40 mpg even though one government study shows that increasing the standard just one mile per gallon would cost 100,000 automobile jobs. To him, the blind pursuit of higher CAFE goals is far more important than the jobs of the workers in foundries like the one at which I worked in Kendallville.

- o Farmers pay when their land is effectively taken out of use through excessive regulations.

Under the Vice President's leadership, the Council is examining proposed changes in the wetlands delineation manual. Last summer we developed a consensus recommendation, which helped put the "wet" back in the wetlands. The Council's consensus proposal struck an important balance -- reaffirming the President's goal of "no net loss" of environmentally important wetlands, while allowing for legitimate land use and ensuring the protection of constitutional private property rights.

For example, Delbert Graft, a farmer from Avilla, Indiana, was involved in a three year legal dispute, forced to spend \$4000 in legal fees, and was forced to make numerous trips to Indianapolis and even Washington. Ultimately, his 7.9 acres of land which were originally worth \$15.8 thousand were devalued to \$0.0.

What do the environmental extremists have to say to the American farmer? Al Gore says, "[T]he productivity of some of our best land is being steadily damaged by those who have no qualms about maximizing short-term gains at the expense of long-term sustainable use." According to Gore, the government knows better than the individual farmer what is in the public interest.

President Bush and the Council on Competitiveness, on the other hand, much prefer entrusting the land to the farmer who has the most incentive to protect the environment on the farm for himself and for his children in future years. The farmer or the bureaucrat in Washington?

- o The consumers pay, when they have to pay higher prices for a product -- or when there are fewer products from which to choose.

Let me give you an example of one of the Competitiveness Council's initiatives that will help consumers: improving

America's drug approval process. While other modern industrial countries have agencies similar to the FDA, most of them approve drugs faster than we do -- and they are doing it without compromising their standards for safety, efficacy, and quality. It takes us an average of 9.75 years to develop a new drug-- Europe and Japan can to the same in 5-6 years. That leads reasonable minds to believe that America can do better, if the bureaucracy would get out of the way and allow doctors to give safe and effective drugs to patents.

We estimate that we will save millions of lives, and billions of dollars, if we adopt 11 specific reforms that Vice President Quayle announced last fall to speed up this process. Already a new treatment for AIDS has been approved under this system of accelerated approval. These reforms will speed up new advances to combat cancer, alzheimer, cystic fibrosis, and many other life threatening diseases.

What do the social engineers have to say on this subject? I am sure they want to speed up lifesaving therapies. However, when faced with the trade off between developing therapies that save peoples' lives or not cutting down trees, it's not so clear. A recent example is the drug taxol that is derived from the bark of the yew tree. Al Gore questions whether it would be appropriate to cut down these trees, even if it is the only way to make a supply of this drug. To him, the trade-off of three trees for a human life is an ambiguous one. To President Bush and Vice President Quayle, it is clear that when it comes to approving safe, effective drugs to treat cancer, AIDS and other life-threatening diseases, if we can do better, we must do better.

- o Small businesses pay, when they are forced to shut down or locate overseas by excessive compliances costs to regulations, and endless redtape.

This last year, the Council reviewed new regulations implementing the Clean Air Act. One of these regulations established a broad new requirement that businesses obtain permits from state and local authorities and the EPA in Washington. Many of you may have read about this in the newspaper, especially since so many in the environmental movement were claiming that we were creating a loophole in the Clean Air Act.

Well, as Paul Harvey says, "let me tell you the rest of the story." The regulation that the Council reviewed doesn't allow one additional pound of pollution to be emitted into the air beyond what Congress provided in the Clean Air Act. Rather, it eliminates unnecessary paperwork and excessive litigation by streamlining the requirements for businesses to obtain permits.

Perhaps more importantly, it exempts many of the small businesses -- such as dry cleaners, printers, small machine shops and others who only had de minimis levels of emissions. They will be spared the huge paperwork requirements and a permitting process that could have held them up for 18 months at a time.

During the review of the permitting regulations, the Vice President received a letter from a Senator on behalf of Intel Corporation, one of the few remaining American computer chip manufacturers. Intel expressed concern that, if the original plan for this permitting regulation went into effect and greater flexibility were not built into the regulation, they would not be able to afford to build a new computer chip plant here in America. This new plant would be one of the cleanest manufacturing facilities of all time. (It has to be, since any minute dust or other particulate would disrupt the delicate manufacturing of this new generation of computer chips.)

Yet excessive regulation threatened to force the company to move this new facility overseas to compete in the world market place. With it would go several thousand American jobs at one of the most environmentally clean facilities ever to be built. So, we at the Council on Competitiveness said let the free market operate. Reduce red tape and excessive regulation, and all America will benefit the economy and protect the environment.

What do the advocates of central planning say? They would be suspicious of such market choices and want the government to choose whether or not these new technologies should be built. This lengthy process of review and approval by bureaucrats back in Washington would have ensured that the American company could not compete in the world marketplace, and therefore, by necessity, would have to build its manufacturing facility overseas.

- o Finally, the taxpayer, pays the bill when local governments are heavily regulated.

Last May the City of Columbus, Ohio submitted a report that outlined the costs of compliance with Federal environmental regulations. Not all Federal regulations, just environmental regulations. Over the next ten years, the city estimates that they will cost over \$1 billion. That's over \$900 per household in Columbus. And the Columbus experience is not unique. I venture to say that cities such as Ft. Wayne, Elkhart, and South Bend will soon be confronted with similar expenses.

That's also \$1 billion dollars that could be used to provide shelter for the homeless or day care services for the poor.

I submit, as does the City's report, that many of those

regulations are not necessary. Many of them are not going to have any real impact on the environment -- but they will have a definite financial impact on the towns that are forced to pay for them. With the Federal government asking so much, it is no wonder that many States that in the past could easily balance their budgets -- now have to struggle to do so.

What do the bearers of the Trojan Horse have to offer the American taxpayer? Once again, a page from Senator Gore's book sheds light on their true agenda. He advocates that the best policy in this area is one that imposes huge new carbon taxes on all Americans. He supports legislation by Henry Waxman that would place a tax of \$100 per metric ton of carbon emissions. According to a recent study by the CONSAD Research Corp, carbon taxes of the sort Mr. Gore supports could destroy more than 600,000 American jobs. Another study, conducted by the Department of Energy, found that such a tax would result in an increase of 26 cents per gallon of gasoline at the pump.

Clearly something must be done to stem the tide of more regulations. The President's Council on Competitiveness is here to help the American people regain their freedom and be more competitive at home and abroad.

The Moratorium on New Regulations. The Council is also coordinating the moratorium on new regulation, which President Bush established in his State of the Union speech. President Bush called on all the agencies to conduct a thorough review of their programs. He asked them to eliminate needless, burdensome regulations and accelerate programs which promote economic growth.

Let me share with you a few highlights of these deregulatory initiatives.

Economic Impact of First 90 Days of President Bushes Initiatives.

The Administration estimates that the reforms that it completed in the first 90 days of the moratorium will ultimately save American consumers and workers \$15 to \$20 billion per year. This translates into a savings of between \$225 and \$300 per year for the average family. These actions will also increase the amount of available credit by approximately \$15 billion, making home ownership more affordable and providing the financing necessary for further business expansion and job creation. For a typical family taking out a \$100,000 thirty-year loan pm a new home, for example, these changes could translate into a \$180 reduction in annual mortgage payments.

Reducing Costs for Small Businesses. The SEC has taken a

number of actions to eliminate barriers to investment in small businesses. Among many other initiatives, the SEC proposed a regulation to increase from \$500,000 to \$1 million the amount that small businesses can raise through stock offerings without registering with federal regulators.

The IRS imposes approximately \$1 trillion on the private sector each year in the form of administrative costs. In an effort to reduce these costs, the IRS "Simplified the Payroll Tax Deposit System." Presently, many employers must make payroll tax deposits as often as twice a week, usually on different days of the week, and the deposit requirements may change substantially within the same quarter. These changes will not only reduce costs, but they will reduce the number of penalties by up to 20%.

These are just a few highlights of the Administration's activities. As President Bush said when he extended the Moratorium, "This is just a downpayment on savings to come."

Congressional Efforts to Stop Regulatory Relief

In light of these recent successes, you might think that Capitol Hill would respond with a near-unanimous outpouring of support. Think again, the reaction has been just the opposite. For example, the day the Vice President announced the drug approval reforms, we got a letter from three senior Committee Chairman asking us to hold back.

Now there are efforts on the Hill to put a stop to President Bush's plan to cut back excessive regulation. Despite the fact that 83% of Americans believe that we have too many unnecessary and costly regulations, many of our elected representatives want to handicap the President's regulatory reform efforts in a purely political move to stir up trouble in an election year.

Democrats on the Hill have proposed legislation that would zero out \$86,000 in funding for the Council. How ironic -- the one place Congress wants to cut spending is for the entity within the White House that the President has given the assignment to cut back excessive regulatory burdens.

Such a bill is clearly unconstitutional. The President and the Vice President are the only elected officials in Washington who represent the entire American People. It is their duty to review regulations to make sure they are in the public interest.

Even more ironic is the fact that many members of Congress have written to the Vice President on behalf of their constituents complaining about excessive regulations. These Congressmen and women claim to be pro-worker, pro-business, and pro-consumer when they go home to their districts. Then they turn around and vote against the Council on Competitiveness --

the chief advocate against bureaucracy and redtape -- when they get back to Washington.

I am sometimes asked how much of a difference can the Council make. Let me relate something that happened to me not long ago, which made me conclude that our efforts are worth it.

When the Council was considering what to do to speed up the drug approval process, we heard from patient groups representing the victims of cancer and other diseases. One young lady, named Susan Tomlinson, represented the Cystic Fibrosis Foundation. She came in and told us about the need to speed up new therapies to treat this life-threatening disease. She said that if we could only speed up the government approval process, therapies that were in the pipeline could offer hope for tens of thousands of Americans who suffer from cystic fibrosis. Then she explained that the average age to which a victim of cystic fibrosis can expect to live is 28 years. She herself was 28 years old. She has cystic fibrosis.

You could have heard a pin drop in the meeting with the Council on Competitiveness. Here was a brave, young woman telling the Vice President of the United States and many members of the President's Cabinet that some of the reforms they were considering were the only hope that she, and others like her, have.

A few months ago, I ran into this young lady and asked her how she was doing. She smiled at me and said things were just great. Since the Council meeting, she has been able to take a new treatment that helps clear away the mucous from her lungs and literally offers her a new breath of life. She is on her way to completing law school and expects many years of normal, happy life.

It is events such as this that make every minute of my job worthwhile. And Suzanne is just one example of the people who are affected by the Council on Competitiveness effort.

Let me say to the people in Indiana -- the workers, the farmers, the consumers, the small businessmen -- who are looking to the Competitiveness Council to stand up and say, "stop!" to the federal regulators. We will fight on. President Bush and Vice President Quayle have only begun the war on excessive, burdensome, and bureaucratic federal regulations. We will stand up to those in Congress who want to protect special interests. We will stand up against those who want to pile more and more regulations onto the back of American workers and American consumers. And to quote President Bush, we will draw a line in the sand and say, "This will not stand."

Thank you and God Bless you.

This draft forwarded to President.

(Provost/Ferguson/Grossman)
July 23, 1992
MICHIGAN
Draft Two

PRESIDENTIAL REMARKS: HOLLAND AMERICAN WAFER CO.
WYOMING, MICHIGAN
JULY 27, 1992
12:00 PM

Thank you and good afternoon everyone.

(Acknowledgments)

Americans may not realize it when they reach for cereal on the shelves, but our food industry provides more food for less than any other nation.

This company is one reason we are the world's leader. So I'm pleased to announce that Stu and John Vander Heide have recruited me for a national crusade. Starting today ... I will not only argue passionately that broccoli's benefits are overblown ... but that sugar wafers should be one of the four essential ingredients in a healthy diet.//

This factory is a symbol of change ... changes that have occurred around the world.

I'm told that your company was the originator of something called: "The Survival Biscuit." It was one of the tokens of the Cold War -- a bit of nourishment to fill your stomach as you huddled somewhere in a bomb shelter, in case the unthinkable became tragically real.

While it may not be great for survival biscuit sales, the Cold War is, thankfully, over. Survival biscuits have gone the way of the doomsday clock, "Failsafe" movies, bomb shelters, and "duck and cover drills." Today, America is safer than before.

Safer than we were a decade ago. Safer than we were a year ago. Safer than we were just a few weeks ago, when I sat down with Boris Yeltsin and agreed to eliminate some of the world's most dangerous nuclear weapons.

Now that we have changed the world ... it is high time to change America. Time to turn our attention to pressing challenges like how to give a pink slip to our slow-growth economy. How to make our families more like the Waltons, and less like the Simpsons. And how to take back our streets from the crack dealers and the criminals.

This election year, we are told, is about how we can change to meet these challenges. But this election is not just about change, because change has a flip side. It's called trust. When you get down to it, this election will be like every other. When you go into that voting booth and pull the curtain behind you: "trust" matters.

And that's the way it should be. Many times, in the White House late at night, the phone rings. Usually it's a young aide double-checking the next day's schedule. But occasionally, it's another voice -- more serious, solemn -- carrying news of a coup in a powerful country, or the invasion of an ally halfway around the world. The American people need to know that the man who answers that phone has the experience, the seasoning, to do the right thing.

That's trust in the traditional sense. But people who've spent their lives in government forget that trust is more even

than that. I'm a Texan -- raised my children there, built my business there. I see America as an endless tapestry of people, families and communities. Our heartbeat can be felt in places like Wyoming, Michigan ... not Washington, D.C. And so I believe in a simple philosophy: to lead a great nation you must first trust the people you lead.

If you look at almost every important issue we face ... you see a clear choice -- a choice between those who put their faith in average Americans --- and those who put their faith in government.

Let me explain what I mean. Starting with the basics -- home and family.

The most difficult question many parents face is --- "who will care for the kids while we're working?" A few years ago, Washington wanted to help, but their idea was to rock the cradle with the heavy hand of bureaucracy. All the plans boiled down to creating some new kind of government apparatus, like a Pentagon for child care.

I fought for a different approach ... and won. Our landmark legislation allows parents -- not the government -- to decide whether your children are cared for in school, a relative's home, or church.

When it comes to raising children, I say: why not trust the people?

What about our education system? To renew America we must renew our schools, we all know this, but money alone won't do it.

We already spend more money per student than almost any other country; and our kids still rank near the bottom in crucial subjects like math and science. Again: a lot of ideas floating around, most of them to pump more tax money into the same system.

I say try something different. Open up schools to competition, and trust you to decide whether you want your kids to learn in a public school, a private school or religious school.

When it comes to education, again I say: "why not trust the people?"

One other example: health care. We have the finest quality health care in the world -- but costs are through the roof. Thirty-four million Americans, a population larger than the state of California, are without coverage today, and millions more are worried about losing the coverage they have.

We have to change the system. Some propose versions of socialized medicine -- letting the federal government play doctor.

I say, take a different way, and I've put forth a plan to bring health costs down. It will give tax credits so people without coverage can buy it, and incentives so that small businesses can pool their resources and cover more of their employees.//

When it comes to deciding, What doctor? What hospital? I say: why not trust the people?

What about government regulation? Sure, some of it is necessary, even essential. But if you believe that there is a government solution to every problem, an alphabet agency for every issue, than you look at regulation not as a necessary evil, but as a necessary way to reign in people's evil tendencies. The results can be crazy, as this story proves.

The time had come recently for a government agency to update its rules on hard hats. That's right: hard hats. And someone in that agency stumbled upon a potential national crisis --- workers being infected from hard hats. The alarms went off. The bureaucratic blood boiled. One small fact was overlooked. There wasn't a single documented case, anywhere in the United States, of anyone getting infected wearing someone else's hard hat.

That didn't deter the bureaucrat. So with the best of intentions, the rule was written: every hard hat must be disinfected before one worker passed it to another. Estimated cost to business: \$13 million a year. Measurable benefit: slightly less than zero.

Luckily, this story has a happy ending, but only because we were there to give it one. We found the regulation before it hit the books, and said: we think America can survive, without hard hat regulation.

But can you imagine what might have happened, if these enterprising regulators had made their way into the vast, unregulated territory of lunch pails and thermos bottles?//

Some believe the solution to our problems is more government regulation. I take a different view. I've put a moratorium on new federal regulations, to give businesses like this one room to breathe, and grow and create jobs.

In child care, education, health care and regulation, it's a matter of trust --- trusting Americans to make their own choices.

And when it comes to the most pressing issue of this election year -- revving up our economy -- forgetting this idea is not just a nuisance; it can be downright dangerous.

The revolutions of the past few years herald a new era of global economic competition, with free markets from Siberia to Santiago.

Can the U.S. compete ... now that everyone is playing our game? I know we can. Despite all the criticism you've heard lately, keep in mind a few facts. We are the largest economy in the world. Inflation, the Willie Sutton who robs the middle class of dreams, has been put safely behind bars. The last time interest rates stayed this low, the Brady Bunch hadn't even started re-runs yet. Despite all the stories about our problems, our workers are still the most productive in the world -- more productive than the English, the Germans, the Japanese.

But while our economy is growing, it must grow faster. The question is: how do we do it? The other side suggests a simple two-part solution. First, jack up government spending! And then: raise taxes!

Now as you evaluate their idea, keep this in mind. Here in Michigan, whether you like it or not, you already work 128 days just to pay your taxes -- before you earn a single dime to spend on your family. I don't think I have to ask -- does anyone want to go for 129?//

All this talk of spending and taxes causes me to wonder ... if the other side is a little hard of hearing. Abraham Lincoln spoke of government "of the people, by the people, for the people." But they seem to keep saying ... of the government, by the government, and for the government.

They're hard to dissuade. I'll give you a great example. In January I proposed a common-sense, comprehensive plan to get this economy moving faster, now..

The first sound of a strong economy is usually the sound of hammers pounding away at new homesites. So I proposed tax incentives to build new homes, and a \$5,000 break for families who want to buy their first one. Here in Michigan, that would have equalled nine months of mortgage payments on the average house.

I understand that private enterprise is the horse that pulls our wagon -- no government program ever created a real job, ((although government did keep Johnny Carson in business for 30 years)). So I proposed incentives for businesses to grow and hire. It's estimated the incentives would have spurred the creation of at least half a million jobs ... if they had been approved when I proposed them.

But they weren't approved. Instead, Congress sent back what you might call an "anti-trust" program. New government spending, and new taxes.

So I sent their plan back. I told them to try again. And I'm still waiting. But I need your help. Write Congress, tell them you want to get this economy moving again. Tell them you don't want to get the impression, that the only way to get rid of the deadlock in Washington, is by cleaning out a little deadwood in Congress.//

You see ... it all comes down to a question of trust. I trust you to spend and save your money more wisely than any budget planner in Washington.

This is common sense, and I agree. But there's a certain type of person attracted to government for whom the word "trust" has a strange meaning. Most of them have spent their lives in government, and don't have much experience in the real world.

They say they want to ... "put people first." But if you look closely at what they're advocating ... the people they put first are all on a government payroll.

A leader of a free people must understand that government can not only help, it can hinder. He must have the confidence to say: "I trust you." I trust the people.//

And ultimately, you must decide who you trust -- who has the experience -- the ideals and ideas -- to find that delicate balance.

Yes, America will change, just as we have changed the world. The question now is: Who will change America for the better? Trust me when I tell you this: it won't be a team of economists from Harvard, or a gaggle of social scientists from a Washington think tank.

If you want to know who's going to change America -- look around you. It's going to be the guy who works an extra shift every week so his son can go to the school of his choice. It's going to be the small businesswoman who takes a risk on a new product. The computer hacker working in a lonely garage, the merit scholar from South Central L.A., the entrepreneur with a future as big as his dreams.

There's your answer: The American people are going to change America.

But only if they have a government with the wisdom to know its own limits, with a leadership who knows where the true American imagination lies. Countries around the world have at long last understood the power of trusting the people. America will change by reaffirming the lesson it has taught the world -- by trusting a leader who trusts you.

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

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