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Agenda for American Renewal

A handwritten signature in white ink, appearing to read "George W. Bush". The signature is fluid and cursive, with the first name "George" and last name "Bush" clearly distinguishable.

George Bush
President of the United States

Agenda for American Renewal

I. Introduction: The Challenge

America stands at the edge of a new era, a new century. Here is my bridge to the other shore: An Agenda for American Renewal — diagnosing the economic problems we face, setting forth the principles to guide our actions, and explaining the approach I am pursuing.

Over past weeks I have been discussing some of the elements of my economic agenda. In coming weeks I will be expanding on my ideas. This document shows how the pieces fit together.

It is important to step back for a moment, to take stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission of all, the triumph of democratic capitalism over imperialistic communism. Mission accomplished.

Throughout history, when long wars end, people have been confronted with the problems of converting to peacetime and establishing a new basis for securing peace and prosperity.

In wartime, the costs of Government are always high. Domestic needs are not fully met. In times of conflict, a good nation tries to look after its poor, its sick, its elderly, its less privileged members, but not as completely as it should or would like to.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

We are a nation at peace. But being at peace with others and being at peace with ourselves are different things. The one we have achieved. The other, we can and will.

The American people recognize this historical watershed. They want and deserve a peacetime system of taxation, a peacetime freedom from unnecessary intrusion into our lives, a peacetime commitment to sound money, a peacetime dedication to unfinished work and unsolved problems close to home.

At the same time, Americans are aware of epic changes in the world and the economy. They sense the disquiet in many of the industrialized democracies that have been our partners in the long struggle. Our own economy has been going through some profound changes. And I un-

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derstand how difficult change can be, particularly for those who feel its effects most directly. Americans sense we face an era of great opportunity, but that there are also great risks if we fail to choose wisely.

We must now demonstrate our unique ability to transform anxiety into regeneration. Only in America do we have the people, the resources, the economic strength — and especially the principles and ideals — to pick up the challenge.

For America to be safe and strong we must meet the defining challenge of the '90s: to win the economic competition — to win the peace.

The United States must be a military superpower, an export superpower, *and* an economic superpower.

My approach is to look forward — to open new markets, prepare our people to compete, to strengthen the American family, to save and invest — so we can win.

This future depends on economic growth, but not for the few at the expense of the many, not for the present at the expense of the future.

In this country, we have always preferred an entrepreneurial capitalism that grows from the bottom up, not the top down, a capitalism that begins on Main Street and extends to Wall Street, not the other way around.

Nor have we been taken in by the view my opponent prefers, that Government should accumulate capital — by taxing it and borrowing it from the people, and investing it according to some industrial policy design.

My agenda is for an inclusive America, not an exclusive America — and certainly not a reclusive one. We will challenge the world with an international economic and trade strategy that will promote free trade arrangements east and west, north and south, to strengthen our global economic reach and complement our worldwide security presence. At the same time, we need to foster the capabilities at home that will keep us in the lead.

Developed economies need developing minds. To help prepare all our children for a constantly changing workplace, I want to make radical changes in our education system. Each child should graduate with skills, self-discipline, and self-confidence.

I will sharpen the competitive edge of our businesses by encouraging entrepreneurial capitalism and small business, deploying advances in R&D and technology, and reforming our legal system so it no longer puts us at a global disadvantage.

My agenda promotes economic security for working men and women through job training that will ease adjustments and provide people with new capabilities for work in the face of competition and change. And I will enable families to concentrate on building for the future by giving them the means to protect themselves against today's cost of health care, and by making it easier to build tomorrow's retirement security. I want our efforts to reach out to all our citizens, leaving no one behind, because we will need the work, aspiration, and energy of each and every American.

Finally, since our competitive strength and entrepreneurial spirit must flow from the private sector, I will streamline Government to meet changing needs.

We can empower America to reach a grand goal: a \$10 trillion economy by the first years of the 21st Century.

When President Reagan and I assumed office in 1981, the U.S. economy was about \$3 trillion. We've almost doubled that over the past 12 years. So I know we can nearly double it again through sustainable real growth over the coming decade.

With a \$10 trillion economy, we could provide the resources, private and public, to satisfy our most ambitious social and financial requirements. We could simultaneously renew America and pay down our national debt.

So now let me turn to how we can meet the challenge and reach our goal.

II. The Context: Five Changes Underway in the Economy

The U.S. economy has been working its way through five profound changes. They establish the context for my agenda.

The first great change in our economy is ironically due to our very success in ending the Cold War. Since our superpower rival of the last half century has dropped out of the

race, we are now able to do something we have all hoped for since the close of World War II — lighten the load of the defense burden.

In the short run, this adjustment has meant cutbacks and lay-offs in many industries that have depended on defense spending. We must ease this transition. But in the medium and long run, reductions in defense spending will free up many new resources for our people and economy.

Second, it seems that almost every time you open the business pages you can find a story about a major U.S. corporation that is restructuring itself. Our industries are in the process of transforming themselves from old-style hierarchical organizations to so-called "flattened pyramids." This new industrial organization emphasizes a skills-based workplace, "lean production," a "just in time" inventory, and short product cycles rather than mass production. Our companies are integrating R&D, manufacturing, and marketing into a seamless web of innovation. This is a revolution as dramatic as the one when Henry Ford led the country from craft-based production to mass manufacturing early in this century.

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We have to make these adaptations succeed if America's industries are to keep ahead of their international competitors. Strong sales and productivity increases are the prerequisites for creating more jobs, boosting wages, and upgrading benefits. In fact, it is partly because of these changes that our annual growth in manufacturing productivity over the past 10 years was over 50% higher than in the Carter years. It's why American firms lead the world in exports.

Nevertheless, these changes also have produced layoffs and relocations among both blue and white collar workers. Middle-aged breadwinners are wondering whether their company will be the next to make announcements, and they worry about their jobs, health care, and pension rights. Some are also troubled by the prospect that after sacrificing to send their kids to college — often the first generation to attend — that these children's diplomas may not be golden tickets to security.

Third, the 1980s wiped away the dismal economic performance of the late '70s. We enjoyed the longest peacetime expansion in U.S. history, lasting seven and a half years. We

created over 21 million jobs, more than all the new jobs in the other major industrial countries and the rest of Western Europe combined. Yet great booms produce excesses, and this time too many companies, too many financial institutions, and too many households took on too much debt.

We have been paying down that debt — and lower interest rates have helped us do it. Millions of people have refinanced homes at lower rates, reducing mortgage payments by as much as \$1,200 to \$1,500 a year. When companies restructured, they paid down debt, strengthened balance sheets, and positioned themselves to enjoy greater profits when stronger growth resumes. This process will leave our economy leaner and more powerful. Many firms already are. But while that debt was being paid down, people bought fewer goods, and companies put less money into new investments and jobs. The process is largely over, but it has left consumers and companies a little cautious.

Fourth, we entered the '80s with a banking system designed 50 years earlier — an incongruous relic in an era when billions of dollars can be sent around the world in a microsecond. The United States

entered the 1980s with some 14,000 commercial banks and 4,600 savings and loans. In comparison, Canada had about 160, and Japan had under 100. The vast majority of those small U.S. banks and S&Ls operated in a heavily controlled environment where their costs of funds were limited by ceilings on your pass-book accounts. Other regulations restricted competition by imposing costs and inefficiencies on savers and borrowers.

In the late '70s, this out-of-date system was buffeted by record interest and inflation rates; it was challenged by competition from new financial services. As in any other line of business, the less efficient institutions could not survive. But because our banks and S&Ls held insured deposit accounts for most hardworking Americans, the streamlining process had to be managed in a way that enabled the Government to protect your savings. In effect, the Government picked up these costs so your savings would be safe.

This process, too, is nearing its end. A strong economy must have a good banking and financial system so entrepreneurs can get capital, businesses and farms can get loans, and families can buy

homes and cars. We will have a more competitive and efficient financial system that will serve companies and families better. Over the next few years, the Government will actually gain revenues from the sales of billions of dollars of assets that it acquired from banks and S&Ls as it protected savers. But this process has left lenders cautious. Business borrowing rates and mortgage rates are way down, but it's still too hard for small businesses to gain access to capital and credit. We are still taxing capital too much.

The final economic change is perhaps the most far-reaching of all: No nation is an island today. We are part of a global economy. To grow is to trade; to expand is to compete. One manufacturing job out of every six depends directly on our exports. One acre out of every three is sowed for sale abroad.

This international economic interdependence has three implications.

One, when growth slumps abroad, it drags our economy down with it. Both Western Europe (especially Germany) and Japan are going through major readjustments — and that has contributed to our sluggishness.

Two, it means that if America is going to be strong and growing in the 21st Century, we must be ready, able, and willing to compete around the globe. We need to encourage entrepreneurial capitalism and investment at home, and at the same time ensure that our labor force remains the best in the world.

Three, we need to seize opportunities to develop new markets, particularly in areas that have potential for significant growth in the future. One of the other benefits of the end of the Cold War is the extraordinary potential to expand trade and sales to hundreds of millions of potential customers who not long ago were the captives of our enemies.

III. Start with Strengths

In developing an agenda for the future, we should take a clear-eyed look at our strengths as well as weaknesses. Not surprisingly, the other side has conveniently skipped over our country's many strengths. Frankly, they want you to believe America is over the hill and past its prime. But they have no more right to

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convince you the economy is worse than it is for political advantage than I have to understate the problems. So let me just note several key facts.

- The Misery Index — the sum of inflation and unemployment — is down to 10.8% today, from 19.6% in 1980.
- Inflation has fallen to roughly 3%, the lowest in a quarter of a century (except for 1986).
- Interest rates are at a 20 year low. Mortgage rates are now in the 8% range, half the rate President Reagan encountered in his first year. Thanks to these low rates, more people can afford to own a home today than at any time since 1973.
- While unemployment is still far too high, the share of the working age population with jobs during my administration has averaged 62.2%, the highest in U.S. history.
- The United States has the highest home ownership rate of all major industrialized countries: 66% of U.S. households own their

own homes, as compared with 59% in Japan and 40% in Germany.

- The U.S. sends more of its students on to higher education — 68% — than any other country, well above the 32% rate in Germany and 30% in Japan. And 52% of these U.S. students are women, as compared with 26% in Japan and 38% in Germany.
- With exports of \$622 billion, the U.S. is the world's largest exporting nation. Exports increased by 40% during my Administration.
- We produce 25% of the world's total output with 5% of the world's population.
- The productivity of American workers is approximately 26% above those in Germany and 30% above those in Japan.

I do not mean to suggest either that everything is well or that we do not need to lead and manage the changes taking place in the world and at home more actively. We do.

But you can't chart the stars if you think the sky is

falling. We must know our strengths before we build on them. Over the past 12 years, we increased the U.S. economy by about \$2.8 trillion — that's like creating the total size of the German economy twice over. So I know our goal of a \$10 trillion economy is attainable.

We're also in a strong position internationally. But we're going to need the national adaptability and capability to keep leading our competitors. And we must have the courage of our convictions to say "no" to the wrong sort of changes for the future — false promises based on false premises — changes we cannot afford at this key moment in the world economic competition.

IV. Guiding Principles

Before outlining the specifics of my agenda, I want to set out four guiding principles. An effective strategy must be dynamic. As new problems or opportunities present themselves, we will need to make adjustments. Guiding principles will ensure we follow a consistent path and help shape our policies into the future.

First, start with the basics: We are a nation of special individuals, not special interests. Individuals gain primary strength, protection, and inspiration from their families and communities, not the legal system or Government social services. People find their friends and their enjoyment in voluntary association with one another, not in some bureaucrat's paint-by-numbers dream.

Individuals, families, communities. That's where we start.

Second, we have to keep to the fundamentals of sound economic growth: lower tax rates, limits on Government spending, greater competition, less economic regulation, sound money, and more open trade that can free tremendous private initiative and growth.

Experience has shown that these are the steps we need to take to create jobs, raise wages, spur entrepreneurs, expand capital and investment, and build businesses.

Third, in the '90s Government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda

for helping people, for responding to their needs. And we've seen that these are approaches that work.

We prefer a hand up to a handout. We want to empower people to make their own choices, to break away from dependency. We want to give individuals and families economic security by giving them the capital, the capabilities, and the confidence to decide for themselves. We want everyone to have a stake in society, to own property, so everyone will build something with it for themselves and our country. Whereas my opponent's approach may place a premium on redistribution and "leveling," our programs will unleash initiative, reward success, and encourage excellence. Our approach is to give people the power to work, save, and be their best.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. America must have appropriate new approaches for the changes at home — just as we've launched new policies to lead and manage change abroad. We must recognize the interrelationship between domestic and foreign policy — between economic and security policy. At the same time, we

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must execute our agenda more effectively with a new Congress, state and local governments, and the private sector. Our aim must be to press our policies together, as a package, to make America secure and strong.

Therefore, my Agenda for American Renewal mandates action on six interconnected fronts. Because we face complex problems, no one solution will suffice. The whole of these elements will be a solution greater than the sum of its parts:

- Challenging the World: A Strategic Global Economic and Trade Policy
- Preparing Our Children for the 21st Century Economy
- Sharpening Business' Competitive Edge: Encouraging Entrepreneurial Capitalism
- Promoting Economic Security for Working People
- Leaving No One Behind: Economic Opportunity for Every American
- "Rightsizing" Government

This is how America will create a \$10 trillion economy.

V. Challenging the World: A Strategic Global Economic and Trade Policy

During the Cold War, we built a global security structure to contain and counter the Soviet Union and communist aggression. We forged military alliances across the Atlantic and Pacific that underpinned that structure. In the post-Cold War era, we need a strategic global economic and trade policy that will ensure our position as an economic and export superpower as well.

We are well positioned to achieve this goal. We enjoy the largest fully integrated market in the world; this gives us leverage with other countries that want access to our market. Once the Congress enacts the North American Free Trade Agreement (NAFTA), our position will be further strengthened. NAFTA will open an important market, a Mexican economy whose growth prospects will quickly transform its expanding industries and consumers into

excellent American customers. Equally important, the integration of United States, Mexican, and Canadian capabilities will improve our global competitiveness by enabling American firms to purchase inputs at lower costs. This will help U.S. firms to stay in the forefront of high wage, high value-added production.

Our geopolitical position is also advantageous. The United States is both a Pacific and a European power; our political and security ties link us with the largest and most rapidly growing economies across both oceans. Our trans-Pacific trade already exceeds our Atlantic trade; that's one reason why we helped launch an organization for Asia-Pacific Economic Cooperation that will further strengthen our economic ties with that region. Our own neighbors — from Central America to Chile — want to build bridges of trade with us so they can build better economies for their people.

"The ball of liberty," Jefferson once wrote, "is now so well in motion that it will roll around the globe." He was right.

Freedom has rolled through Eastern Europe, the former Soviet Union, and Latin America — and the ball

is now in our court. Free people and free markets develop hand in hand. People value American values. People want to buy what we have to sell. English is the language of freedom *and* business.

Our political and economic ties are complemented by the appeal of American culture all around the world. This is a new "soft power" we can employ. Today, our movies, music, and videos are among our top-selling exports.

Finally, as the primary founder and the most significant proponent of the GATT global trading system, we continue to have a strong hand as long as we use it to truly open markets, including our own. The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people.

Therefore, the next steps in my strategic trade policy are to secure Congressional agreement to NAFTA and to complete the global trade negotiations — the so called Uruguay Round negotiations in GATT. Our NAFTA agreement will open doors for American businesses, workers, and consumers. It will create good jobs. Nevertheless, I expect a tough fight in the Congress in early

1993 because of those special interests who herd together with a protectionist purpose. The global trade negotiations, in turn, could be very close to a breakthrough if the United States continues to act as a strong world leader. There is a proposed draft text that establishes the outlines of a significant new GATT agreement. Once we assure cuts in the subsidized agricultural trade along the lines of that text — to enable our farmers to secure their competitive advantage — I believe we will be able to complete the Uruguay Round agreement.

An improved global trading system is, however, only a base for freer trade, for stronger investment ties, for increased global growth. We need to start to develop a strategic network of free trade agreements [FTAs] across the Atlantic and the Pacific and in our own hemisphere. This network will stand in sharp contrast to the backward blocs of economic isolation. If we are to be a true export superpower, we cannot be tied down to one region. Instead, my intent is to use our attractive domestic market as the basis of a muscular free trade policy that will strengthen America's global economic reach and complement our worldwide security presence.

"Free people and free markets develop hand in hand. People value American values. People want to buy what we have to sell."

By focusing on opening markets, I also believe we can reduce structural barriers to competition in North America, Western Europe, Japan, and elsewhere. Competition will encourage entrepreneurial capitalism — at the expense of entrenched interests — spurring even greater global growth.

More specifically, I will need to secure from the Congress additional trade negotiating authority within the first half of 1993. To overcome the special interests and the protectionists, I will need a mandate from the American people. If America is going to be an export and economic superpower, the U.S. President must take a strong stand on the negotiation of trade and economic agreements. The Congress will read vacillation and equivocation as weakness, and the national interest will lose out to the logrolling trade-offs of Congressional business as usual. That's one very big issue at stake in this election.

With new negotiating authority, I will pursue new trading and economic opportunities in Latin America under my Enterprise for the Americas Initiative, starting with Chile. I would also like to work towards FTAs with Poland, Hungary, and Czecho-

slovakia by the end of my second term. And I would explore the possibility of a connection between NAFTA and the ASEAN FTA, or AFTA. It will not take long for other countries to begin to express their interest in new trade and business ties with us. For example, leaders in Australia and Korea have already spoken of their interest in forging closer economic ties.

Some see new threats, others see old enemies. I see new markets, new opportunities, new jobs.

As we develop this economic and trading network for the 21st Century, I will fight hard to promote American trading interests. For example, I am committed to a sizable Export Enhancement Program [EEP] to ensure that our farmers can go head-to-head with the European Community's subsidized agricultural exports. We know from our experience with military security that the key to economic security must be based on "Peace Through Strength" — not unilateral disarmament. That's why I recently announced the largest quantity of wheat ever available under our EEP program — almost 30 million metric tons to 28 customers.

I will ensure that our ExIm Bank and the Overseas Private Investment Corporation (OPIC) work with teams of our ambassadors to develop trade and investment opportunities for U.S. firms. We've already begun this with the six ASEAN countries — and it's working. I will particularly stress helping America's small businesspeople to develop trading opportunities. These companies look small — but they trade big. I know. I started my own. And I have visited small factories all across the United States that first survived and then prospered by taking on the foreign competition. I know Americans can do it.

VI. Preparing Our Children for the 21st Century Economy

In the 21st Century our greatest national resource will be our people. Materials, machines, and methods will come and go, but the American worker will remain the key to our economic security. Since the workplace of the 21st Century will be constantly changing, we need to prepare the American people to adapt to and direct the process of

change. Therefore, our kids must arrive at school ready to grow, and they need schools where they will learn how to keep learning all their lives.

Our New American Schools will help prepare our children to become the contributing citizens of tomorrow. Equally important, we want to enhance children's sense of self-worth, their confidence, their sense of participation in a larger community and society. This is the conservative philosophy of empowerment, helping people to help themselves.

I want to do my best to help all children come into the world as truly "created equal." That's why I am more than doubling funding for a *Healthy Start* initiative that targets communities with high infant mortality rates. We are also increasing prenatal care, nutrition services, and substance abuse treatment for pregnant women. And I want everyone to spread the word that every parent must share the gift of good health with their children.

We need to focus especially on the preschool years, so that children coming to school are healthy and curious. Funding for the Women, Infants and Children Nutri-

tion Assistance program (WIC) has grown 258% between 1980 and 1992; my request for an additional \$240 million for 1993 brings the annual cost to \$2.8 billion.

I have also increased funding for the *Head Start* program by 127% — for a total of \$2.8 billion in 1993. That includes an additional \$600 million increase for next year — an unprecedented 27% annual jump — so that a year of *Head Start* will be available for every eligible four-year old whose parents want to participate. (Under my budget, almost 800,000 children will receive a year of *Head Start* before entering elementary school.)

Child immunizations are also vital to safeguard our kids' health. Every year since 1981-82, 95% or more of the children entering elementary school have been immunized against the vaccine-preventable diseases. Now we are focusing greater attention on preschool children. My 1993 budget calls for an 18% increase in child immunization grants.

I want the United States to offer opportunity and encourage excellence; we must be fully capable of competing in a global economy. Therefore, it

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is imperative that our educational system prepare and point the way for our children. As in the past, education should be the ladder that the child of modest means can climb to better him or her self.

Our current school system is falling short of these needs — and the poor are hurt most. Only 19 out of 66 public high schools in Chicago graduate more than half their students, and many of these graduates can barely read or write.

Our educational establishment is caught in a sort of time warp, a system created for another age when the needs were not the same, children grew up differently, and adults rarely changed jobs.

Money alone is not the answer — the United States already spends more per pupil than any other country but Switzerland. And funding for the Education Department has increased 41% over my term.

The answer is a radical overhaul of our educational system. If we want to change our country, we've got to change our schools. That's what my America 2000 program is all about.

Our kids can't beat world class competition if they can't

meet world-class standards. We are moving ahead with the development of these standards in math, science, English, history, geography, arts, and civics.

Second, we need voluntary national achievement tests to measure the progress of our students. That way we can compare the performance of different schools in helping our children achieve the national standards.

Third, we need to give schools the flexibility to become educational entrepreneurs — to figure out the best ways to motivate our children, use technology, include parents, and involve new types of teachers. We will create "Education Enterprise Zones." There is no particular reason why schools have to end at 3 p.m. so that students can sit in front of the TV for five hours a day. We need to free school administrators and teachers from rules, regulations, and reports that have become a poor substitute for student achievement; we can do away with red tape once we institute a new testing system that evaluates schools not on the basis of how many forms they complete, but of how many minds they prepare.

Finally, we must take

school choice off the administrator's desk and put it back on the kitchen table. Choice is critical to the success of the whole, integrated overhaul of our educational system. Competition, the underlying principle for this radical reform, will not work unless we give consumers the ability to choose.

Wealthy families already have this choice for their children. Many of the people that you saw at the Democratic National Convention have this choice for their children. Why shouldn't you have this choice for your children?

Chicago's public school teachers — 46% of them — send their kids to private schools. But my opponent and his special interest supporters don't think you should have the same choice unless you are privileged enough to afford it.

One of the greatest educational innovations in this country was the passage of the GI Bill after World War II. No one told my generation that a vet couldn't go to Notre Dame or Brigham Young or Baylor or Howard or Yeshiva.

So I want a "GI Bill for Children" to help give lower and middle income families the means to select any school:

public, private, or religious. I also want scholarships available to be spent on after-school, Saturday and summer academic programs.

For those who argue that my approach will weaken the public school system, I would remind them that the first GI Bill was a tremendous boon for public universities. Or listen to Starr Parker, a small business owner actively promoting choice in the Black community, who put it this way: "The rich have choice now. When I was on welfare, there was no way I could put my child in school. It's time we stop condemning the poor to a monopoly education system."

We've already made significant progress in starting this radical reform agenda. Some 44 states, and over 1700 communities, have already adopted my new national education strategy — America 2000. Indeed, this progress offers a good example of my commitment to pursue my agenda whether or not Congress dawdles. If Congress balks, I will work with governors, state legislators, community officials, and the private sector.

I hope the new Congress will not remain an apple polisher for the educational es-

tablishment and special interests that want to resist this revolution. A new system of education in this country is probably the most important ingredient over time in making America the winning economic and export superpower in the post-Cold War era.

This must not only be my agenda, but yours, too. I will fight to give parents in America the right to choose the school their children will attend, but you need to help, too. After you check out of work, check into your child's homework. Talk to your child's teacher. Join your local PTA. My approach — America 2000 — relies on parental, business, and community involvement in creating new schools that break the mold.

I put the family at the center of our society. Government must try to help families — not replace them. When it comes to choices for our children, parents really do know best. We should increase the range of choices available to parents, and Government assistance should be targeted to those families most in need.

The other side may talk about similar problems, but they are approaching them with a fundamentally different ideology. You can see the con-

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trast not only in education, but in health care, or in the debate that took place over my child care proposal, which we fought for and managed to enact into law. The opposition prefers uniformity to variety and choice. Because they place a higher value on "leveling" society, they will tend to rely on Government bureaucracies to offer "standard service." My approach to education, child care, health care, and other topics is to rely on a diverse private sector to supply the service and to empower families to make their own choices. I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

VII. Sharpening Business' Competitive Edge: Encouraging Entrepreneurial Capitalism

Our ultimate success as an economic superpower is dependent on encouraging the entrepreneurial spirit of our private businesses. I call it entrepreneurial capitalism, and I saw it work when I started a small

business in Texas. I also call it common sense.

You allow people to keep most of what they produce, and they will produce more than they can use, the rest being capital. You invite people to risk failure by allowing them to keep the rewards of success, and they will keep trying until they succeed.

When capital is taxed lightly, it becomes abundant. When it is taxed heavily, as it is now, it becomes scarce, available only to those at the top, who need it least of all. That's not what I want. Even Jesse Jackson put it this way: "Subtract capital from capitalism and all that's left is the 'ism'." If capital were abundant, labor would become scarcer. And the unemployment lines would shrink. That's what I want.

So I want to cut the capital gains tax and index it for inflation. I want to create enterprise zones in inner city and rural areas. I want to make the R&D tax credit permanent. I want to provide an additional first-year depreciation allowance for purchases of property.

Those are fundamentals. In addition, there are three other ways we need to sharpen

the competitive edge of American business:

- strengthen small business;
- support civilian R&D linked to a research extension network; and
- reform our costly legal system.

A. Strengthen Small Business

Small business is the backbone of a growing economy. Small businesses create two thirds of our new jobs; they account for 39% of our GNP.

I am seeking to aid small businesses by reducing costly tax and regulatory burdens, increasing access to credit, and removing barriers to competition.

I have taken steps designed specifically to ease the tax burden on small businesses. For example, the IRS has proposed regulations to allow small businesses to deposit payroll taxes on a monthly basis. And it has released a ruling allowing over 16 million sole proprietors to deduct tax preparation fees as a business expense rather than as a limited itemized deduction.

I want to build on these actions. For example, we are working on a Single Wage Reporting System that would permit businesses to report state and federal wage information through a single entity, thereby consolidating tax reporting requirements and reducing the burden.

In coming weeks I will talk more about ways we can encourage small businesspeople and the jobs they create.

On the regulatory front, I have extended for one year the freeze on paperwork and unnecessary federal regulation that I imposed last winter; the federal regulatory weight hits small businesses particularly hard. I have also instructed federal agencies to look for ways to modify existing regulations that impose a special 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 requirement for small companies issuing stock.

Since small businesses are particularly vulnerable when credit is tight, we have to help them as our financial system is restructuring. That's why we have authorized over \$6

billion in general business loan guarantees through SBA in 1992 — an increase of more than 50% above 1991.

SBA's New England Lending and Recovery Project is a pilot effort that extends credit to viable small firms when access is limited because banks are having difficulty. If it works well and is needed, I'll expand the project to other regions. We also have worked with bank regulators to base real estate values on income earning potential rather than liquidation value. We have taken steps to restructure the small business investment program, the only venture capital program in the Government. And we are developing ways to offer special financing to exporting entrepreneurs.

Through its procurement assistance program, SBA helped small businesses secure federal contracts worth over \$35 billion in FY 90 — almost 20% of all prime contracts let during that year.

To ensure that small businesses can help their communities overcome disasters, we will be pressing forward with approximately \$1.7 billion in low-interest loans to small businesses in Florida, Louisiana, California, and elsewhere.

"I am seeking to aid small businesses by reducing costly tax and regulatory burdens, increasing access to credit, and removing barriers to competition."

Finally, we need to help small business by removing burdens to competition. My health care reforms would reduce costs for small businesses without costly Government mandates or higher taxes. Enactment of my legislation to establish uniform federal law on product liability would relieve a major competitive handicap that is keeping new products from the market, boosting insurance costs sky high, and killing jobs.

B. Support Civilian R&D

To be the world's economic leader tomorrow, we clearly have to invest in R&D and new technologies today. Given the pace of change, we have to both come up with new inventions and organize ourselves to deploy new technology without delay.

The changes in industrial organization that I described earlier have three major implications for technology development. First, the more rapid product development cycle places a premium on bringing an idea quickly from the lab to the marketplace. Second, we need to put new technologies to work in all applications in order to reap the full competitive and economic benefits from our R&D. While

Americans invented VCR technology and the FAX machine, we did not capitalize on their explosive popularity. Third, we need to rely increasingly on flexible, agile manufacturing, rather than old-style mass production. We should have the capability to make a variety of products quickly and economically — a process characterized by short product cycles, but also high quality output.

Taken together, these developments emphasize decentralization — an approach exactly opposite to my opponent's "national industrial policies" led by Government bureaucrats. We need to get technology development, production, and marketing closer to the consumer, not further away. Moreover, my opponent's call for a cut in support for university-based research will hurt the development of cutting edge technology.

My agenda will increase funding for basic research and complement that work with a focus on applied research and development. Despite cuts by Congress, we have managed to increase funding for basic research by 26% since 1989 — to a record level. We are supporting applied R&D through a series of new, high pay-off investments in critical technologies:

- a High Performance Computing and Communications Initiative that will enable the development of a thousand-fold increase in computing capability by 1996 and a one hundred-fold increase in communications speed.
- an initiative to improve the manufacturing and performance of materials — improvements that will enable advances in a wide range of other technologies.
- an expanded program in biotechnology research with applications in health, agriculture, and environmental protection.
- the establishment of the U.S. Advanced Battery consortium, a jointly-funded four-year effort to develop an advanced battery for an emissions-free electric car.
- a significant increase in our aeronautics research budget, underscoring the importance we place on the U.S. aeronautics industry in an increasingly competitive global market place.

- the establishment of seven regional manufacturing technology centers for the distribution of modern manufacturing tools, such as computer-aided design, numerically-controlled machines, and robotics.

These efforts to develop and apply new technologies need to be complemented by the identification and removal of barriers to the private sector's ability to bring new products and services to the market. That's why my regulatory reform efforts — including a process that subjects regulations to a competitiveness analysis while still protecting health and safety, and a proposal to "sunset" regulations — are critical to supporting our enhanced technology development.

Just take one example: my opponent has proposed a major new Federal Government investment in the field of national telecommunications networks at the exact time that our private sector is seeking to develop such a network on its own, but has been stopped from doing so by federal regulations.

C. Reform Our Legal System

Our competitive edge will be dulled if businesses are continually handicapped by a legal system that serves lawyers but frightens people. Therefore, another component of my agenda is a reform of the American civil justice system.

America has suffered a civil litigation explosion. Over the past 30 years, federal lawsuits have almost tripled. Instead of being fast, fair, and affordable, our civil justice system is slow, expensive, and putting us at a global disadvantage.

Long delays in dispute resolution waste valuable judicial resources, force early settlement by those who cannot afford to wait, discourage those who have meritorious suits, and encourage frivolous suits by those who hope to leverage unjust settlements. High punitive damage awards are passed on to consumers through higher prices, job cuts, higher insurance, and fewer new products.

According to a soon-to-be released study by the National Association of Manufacturers, Americans spend up to \$200 billion a year just on direct

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costs to lawyers. That does not even count lawyers on payrolls or the money spent on court settlements.

Our legal system is killing our international competitiveness. Other nations do not face high domestic litigation costs. Foreign companies only need 6% of the product liability insurance our firms must carry because we do not have uniform state standards for product liability and punitive damages.

The litigation explosion affects everyone. High liability costs have closed playgrounds and pools, forcing kids on to the street with nothing to do. Some companies are afraid to offer products at home that are available overseas because they fear the liability.

My product liability reform legislation confronts the trial lawyers head on. I want to stop wide variation among states' product liability rules; stop important products from being kept off the market; stop excessive litigation costs with more money going to lawyers than to injured consumers; cut excessive insurance rates; and end excessive consumer costs.

My "Access to Justice Act of 1992" is intended to restore fairness and efficiency to the

nation's civil justice system through: alternatives to federal civil trials such as alternative dispute resolution; incentives for pre-litigation settlement, including pre-complaint notification; and a "loser pays" rule requiring the loser to pay the winner's legal fees in suits involving federal diversity jurisdiction.

We also need to continue our work with the states to encourage fundamental change at the state and local level.

Lawyers, especially trial lawyers, are a powerful vested interest in our society. They are well represented in Congress and high on the lists of political contributors. My opponent knows them very well. But this is a problem too important to leave to the lawyers and their friends in high places. We must sue each other less and care for each other more.

VIII. Promoting Economic Security for Working People

The American businesses of the 21st Century will need workers who will bring them to life and keep them ahead of

our competition. To be able to contribute and concentrate, working men and women will want to know that they can enjoy economic opportunity and security. We can only achieve true security by developing people's capability, not dependency. And we can best supply security through the private sector, not Government bureaucracies.

It will be Government's role to expedite workers' adjustments in a fast-changing marketplace, provide people the means to work and take care of their families, and arm people to face the future by empowering them to make their own choices. In particular, we can enable families to focus on building a future by alleviating their fears about one of the single biggest costs and problems that can knock them back: health care. And we can help foster retirement security through encouraging portable pension savings.

A. Job Training

Given the rapidity of change in the international and domestic marketplace, we have to prepare people for the prospect of changing jobs and learning new skills many times throughout the course of a productive life. Therefore,

we need a range of job training and placement services — for young people, factory workers, white collar employees, and particularly during this period, defense industry workers.

That's why one important portion of my recently-announced workforce adjustment initiative is designed to shift the Government away from the old narrowly defined, expensive, and less effective trade adjustment assistance that paid people off without giving them real help to get back the work.

Work means more than income to Americans. It is also fundamental to people's self-esteem, their self-confidence, and the respect of others. These are attitudes, values, that I want to encourage. I want all Americans to be builders — for their families, their communities, their country. To encourage the work ethic, we need to make every effort to match people with the jobs created by our entrepreneurial capitalism.

The three key features of my job training proposal are: (1) universal coverage, so all dislocated workers will have access to basic transition assistance and training support; (2) skill grant vouchers of up to \$3000 to help meet the costs

of adding new skills and training; and (3) a tripling of the resources currently devoted to training and worker adjustment, an allocation of \$10 billion over five years.

This proposal builds on my January plan to streamline the federal job training system through "one-stop shopping" in every community. Experience has demonstrated that the most effective training and placement services are those closely developed with local employers through private industry councils. That way the training is designed to develop skills that employers know they will need.

My expanded job training efforts will also be specially designed to help those who may need to change jobs or careers as a result of NAFTA or other trade agreements and the downsizing of our defense-related industries. But we will ensure that we offer training and placement to all workers.

These dislocated workers would be eligible to receive three types of assistance: (1) transition-assistance that includes skills assessment, counseling, job-search assistance, and job referral; (2) training assistance in the form of skill grants; and (3) transition

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income support where necessary for workers completing retraining.

I've also proposed a specially-targeted Youth Skills Initiative.

A new Youth Training Corps will provide economically and socially disadvantaged young people with intensive vocational training through 55 residential YTC centers nationwide; these centers will be located primarily in rural areas and will seek to utilize converted defense facilities, putting them to good use. The YTC will draw from the military's high level of leadership and training expertise by giving a hiring preference to individuals leaving our armed forces. The discipline that triumphed in Desert Storm can win at home, too.

I will also complement the YTC with a "Treat and Train" program to strengthen existing youth drug training programs.

To help meet the needs of young people not planning to go on to college, I will expand the National Youth Apprenticeship Program that I began in January. This program offers high school juniors and seniors a combination of classroom instruction and a struc-

tured, paid, work-experience program. I want student apprentices to receive both a high school diploma and a widely recognized certificate of skill competency. Students will also have the opportunity to continue training at the post-secondary level.

I started my Apprenticeship Program as a demonstration program in 6 states; in my second term, I will expand it to all 50.

Finally, I will more than double the size of the present JROTC program, a very successful and popular partnership between the military and schools. JROTC emphasizes self-discipline, values, citizenship, personal responsibility, and staying in school — it's a first class alternative to drugs and gangs. My goal is to establish 2,900 JROTC units by 1994. Initially, we will expand this program in inner-city high schools, but I want to make JROTC available to every high school across the country that requests it. This program is another way in which we can relate the successful experience of America's veterans to the next generation.

B. Affordable Health Care for All Americans

The economic security of men and women requires a major reform of the U.S. health care system. The present system provides high quality, high-tech medicine, but at an unacceptable price: spending has increased at a rate two to three times the rest of the economy; thirty-four million Americans have no health insurance; and millions more are afraid to change jobs for fear of losing their health insurance.

My program will build on the strengths of the system — consumer choice, innovation, and state of the art medicine — while controlling costs and expanding access.

I want to guarantee access to health insurance for all poor families through tax credits (or vouchers for those who don't pay taxes) sufficient to pay for a basic health insurance plan (\$3,750 for a family). Other low and middle income families would get tax relief to partially offset the cost of their health insurance. In total, some 95 million Americans will benefit.

My program also includes:

- provisions that encourage small businesses to develop less costly health care insurance networks for their employees by combining resources to achieve broader risk sharing, economies of scale, and purchasing power;
- “job lock” protection for employees and their families so that they will not lose coverage if and when a person changes jobs;
- guaranteed insurability so that people with “preexisting” illnesses cannot be denied a job or health coverage on the job;
- 100% tax deductibility of health care premiums paid by the self-employed, as compared to the present 25% deductibility;
- malpractice reforms that will reduce the number of unnecessary procedures performed on patients and thereby reduce the cost of medical care; and
- reforms to encourage widespread use of electronic billing to save an estimated \$11 billion a year in paper costs.

Taken together, my program would cut health care costs by \$394 billion over five years through preventive care, malpractice reform, reducing defensive medicine, encouraging enrollment in cost-effective health plans, arming consumers with information about cost and quality, and eliminating administrative waste and unnecessary paperwork.

I believe we can provide access to affordable health care for all Americans, while preserving choice for patients and their families in selecting doctors, hospitals, health care programs, and employment. My approach, in contrast with my opposition, relies on the private sector to deliver health care services. But I would make the market work for us by enhancing competition, which will cut costs. My malpractice reforms would cut costs further by removing the fear of lawsuits that leads to wasteful procedures.

I firmly believe that a move to national health insurance, as some of my opponents want, would be a major, irretrievable mistake. That course would turn over the health care sector — a full 13% of our economy — to the Government. The result would be more bureaucracy, rationed

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care, inefficiency, and, in the end, even higher costs.

My opponent's "play or pay" approach winds up in the same place as nationalized, bureaucratic health insurance — but through a different route. And it is likely to kill a lot of jobs along the way, especially in small businesses. Increasing the costs of labor — the "play" in his approach — will lead businesses to hire fewer workers. Offering the alternative of Government-sponsored health care paid for with new taxes on payrolls — the "pay" — will dump the problem in the lap of a Government bureaucracy with the costs paid for by businesses and workers.

C. Pension Portability

I have also been concerned about the ability of workers to preserve their retirement pensions as they change jobs. This is a growing need because of the increased likelihood that most workers will have more than one employer over the course of their working years.

I proposed an initiative last year to increase pension portability, expand pension coverage, and simplify the law governing pension plans. And I am pleased that I was able to

sign a law this summer that incorporated my portability proposal. The new law enhances retirement security by permitting workers to transfer accrued pension benefits directly to an IRA or to their new employer's pension plan.

Despite this improvement, I believe we must continue to look for ways to make it easier for workers who change jobs to take pensions with them. We need to eliminate incentives to "cash out" benefits and increase incentives to save for the future.

Job training, affordable health care, retirement security — when combined with a new system of education and entrepreneurial, competitive business, we can offer working men and women real economic security in the 21st Century.

IX. Leaving No One Behind: Economic Opportunity for Every American

For over 200 years, the most exceptional aspect of American society has been the belief, the hope, that this is a land where people can make a

better life for themselves and their children. It's this spirit, the commitment to the American Dream, that has made our country and our society the most dynamic in the world.

If we are going to use that energy to drive us forward into the 21st Century, we will need to tap the aspirations of each and every one of our citizens. No one should be left behind for want of opportunity.

Many of the programs that I have discussed above — health care for all Americans, child care, job training, pension portability, a new competitive school system based on community involvement and choice for all American families — support my plan to empower all Americans to make their own choices and better their lives. But I believe we need to do more for certain citizens who have fallen too far behind.

My philosophy for enabling all Americans to share the American Dream is simple: it's based on property and work. Our urban and welfare programs must be designed to enable people to break the cycle of poverty, get back on their feet, get back to work, and take responsibility for their own choices and their own lives.

I disagree with the failed logic of "welfare rights" and its emphasis on entitlement. I disagree with "income maintenance" strategies — strategies that merely maintain poverty and contain potential.

Our goal should not be more dependence — but rather a new Declaration of Independence — to help people develop the human and financial capital to share the American Dream. We have taken the first step with our implementation of the welfare-to-work logic of the Family Support Act of 1988. We have been encouraging flexible and innovative implementation through waivers that enable states to develop new programs to enhance parental and family responsibility and to insist on education and job training for those on welfare. Welfare policies won't work unless people do.

In our inner cities, we need to restore hope by clearing away the handicap of crime, building a core of property owners, creating business incentives, restoring infrastructure, and focusing our programs on work and discipline.

Enterprise zones can create solid economic foundations in distressed communities.

Our "Weed and Seed" effort can help reclaim and revitalize impoverished and embattled communities by eliminating the fear of drugs and violence, targeting coordinated human services programs, and improving the housing stock and infrastructure.

We also need to extend opportunity by enabling lower income families to build assets — for example, by allowing aid recipients to accumulate higher savings without losing their eligibility.

And we need to expand homeowner opportunities for lower and middle income families. For example, HOPE grants enable more inner-city people to own their own homes. Our \$5,000 tax credit for first-time home buyers would help; so would permitting voucher recipients to apply their rental subsidies toward the purchase of a home.

We can enhance the choice, quality, and availability of housing through affordable rent subsidies in the form of housing vouchers, and through our "Perestroika in Public Housing" program that widens opportunities for public housing tenants to change the management of troubled projects.

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This property and work-based approach need not be more expensive than the traditional welfare bureaucracy. For example, over the past 12 years, federal spending for low income assistance doubled even after inflation — from \$9.1 billion in 1980 to \$18.3 billion this year (both in 1992 dollars). This year, HUD is providing housing assistance to 4.6 million low-income families, up from 3.1 million in 1980. I have tried to rechannel some of this funding to vouchers because they are more cost effective than constructing new public housing units. Furthermore, families wouldn't have to wait five years for the units to be built, and the vouchers give families more choice.

For too long, Congress has stubbornly refused to discard failed programs that perpetuate welfare dependency. No doubt, many of these programs were well intentioned. But now we know better. Give us a chance to try a different approach that will empower people to help themselves, to build some capital for their families, to make choices that develop self-respect and discipline. That's the real way to offer economic opportunity for every American, to leave no one behind.

X. "Rightsizing" Government

My blueprint envisages an important Government role to make a secure and strong America. But it is also important that Government not siphon off more private resources than are absolutely necessary to perform the functions that will help us win the economic competition. Because an overweight Government — serving itself seconds rather than serving the people first — will weigh us down in the race of a new era.

Much of my agenda can be accomplished simply by redirecting current funding away from bureaucracies and towards people. My agenda empowers people with the means to work, own property, build capital, raise families, and be effective contributors within our private market economy. Some of my ideas — legal and health care reforms, for example — should even help us save money.

Contrary to the assertions of some politicians and special interest groups, spending as a percentage of the nation's GDP has been going up, not down. In 1991, the Federal Government spent 23.5% of

what our nation produced. That compares with 17.6% in 1965, 19.9% in 1970, 22.0% in 1975, and 22.3% in 1980. So not only has Government grown as the economy has grown, but Government is taking a bigger share. The American people are not taxed too little. The American Government spends too much.

In my acceptance speech I noted some of the efforts I will make to hold down spending. I have proposed capping the growth of mandatory spending, other than social security. That would still permit spending at present levels plus an adjustment for inflation and population growth. Yet this cap would save \$294 billion over five years.

To start to implement this cap, I have proposed over \$72 billion in specific spending cuts for "mandatory" programs (FY93-97). If you add these proposed cuts to others I have previously called for but which Congress has not yet enacted, my specific cuts would total about \$132 billion over five years. I have also proposed the outright elimination of 246 specific discretionary programs.

By way of comparison, my opponent has specifically proposed less than \$5 billion in

cuts in mandatory programs. And he has singled out only one program for elimination — the honeybee subsidy program, which his running mate voted four times to retain.

Furthermore, I proposed freezing all other spending, and I will enforce this freeze by vetoing any bill Congress sends me that spends more than I asked for in my budget.

I've asked Congress for the line item veto, a disciplinary tool used effectively by the governors of 43 states. This veto authority is important not only to help cut, but to increase a President's leverage with a Congress that seeks to tax more and spend more.

Government should be subject to the discipline of a balanced budget amendment. State governments operate that way. Businesses operate that way. Families operate that way. And given the breakdown of Congressional discipline, we need an amendment to ensure that the Federal Government operates that way, too. If we had had such an amendment years ago, we wouldn't be paying almost \$200 billion dollars a year now on interest for the debt left us by earlier Congresses.

I also believe taxpayers should have the right to direct 10% of their tax payments to reduce debt and spending through a "check-off" on their tax forms. If all taxpayers took the full 10%, the cut would be about \$50 billion. That's only 3% of the Federal budget of about \$1.5 trillion. Since federal spending has been growing at a rate of about 8% per year, even this proposed cut would still enable spending to grow; it would just grow more slowly.

Some editorialists dismiss my checkoff proposal, but the American people seem to like it, and I think I know why. My proposal traces its roots to an American tradition. At the turn of this century, many people were concerned that the Government establishment was slipping away from the people it was supposed to serve. This movement led to such venerable "gimmicks" as referenda, the right of recall, and the direct election of U.S. Senators. The idea of term limits for Senators and Congressmen, which I fully support, is another reform of this type. At the time each was proposed, the conventional thinkers chuckled at the changes. The same is true today. Given the complete breakdown in spending discipline in Congress, it's time

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that we insist on compensating reforms that give the people a bigger say in the direction of Federal Government spending. I say it's time to give the people the power to cut the deficit.

The size and structure of the Government also needs to be slimmed down and changed. The organization of the Federal Government reflects ways of doing business that are now 30 to 50 years old. Companies all across America have been restructuring, cutting costs, becoming more efficient — preparing to be more competitive in a fast-changing marketplace. I believe the Federal Government can and should do the same thing. I believe a streamlining of the Federal Government should include three elements:

First, I will cut the operating budget of the Executive Office of the President by 33% if Congress agrees to subject its operations to a cut of the same size. With fewer Congressional staffers badgering the Executive Branch, I know we can cut costs by that amount. Second, I believe all federal employees earning above \$75,000 a year should be subject to a 5% pay cut; other Americans have tightened their belts, and so should the better-paid federal work-

ers. Finally, I believe we can restructure and reduce the size of the Executive Branch through a consolidation of agencies and bureaus that will enable us to do our job better. Why should the Federal Government be the only large organization in America that continually adds size and offices, and never gets rid of anything? Therefore, I will submit a streamlined reorganization plan for the Executive Branch to the new Congress — and I hope they take the hint, too.

Let me give you an example. In many respects, the Arms Control and Disarmament Agency, or ACDA, is a creature of the Cold War. It needs to adapt to the times. Its highly trained scientists and engineers are a valuable resource. Some of them can support our efforts to stem and reverse the proliferation of weapons of mass destruction. But others may be well suited to work at weapons destruction and defense conversion — transforming the genius of modern day swords into 21st Century plowshares.

Multiply this idea by a hundred, or even a thousand, others. We can get rid of some tasks, conduct others more efficiently, and add new ones where appropriate to support

my agenda.

I also am committed to reducing the tax burden on the American people. I have said that I will propose to further reduce taxes across-the-board, provided we pay for those cuts with specific spending reductions that I consider appropriate, so that we do not increase the deficit.

To illustrate the kinds of tax cuts we could achieve if we discipline spending: just consider what we could do if Congress acted on the \$132 billion in specific spending reductions that I have already proposed. These savings alone could finance an across-the-board rate cut of 1 percent, a reduction of the small business tax rate from 15% to 10%, an increase in small business expensing of investment in equipment, and a reduction of the capital gains tax.

In sum, my direction is clear — I want to spend less and tax less. My opponent wants to spend more and tax more.

I believe the Federal Government can reallocate its almost \$1.5 trillion in spending more effectively if we implement my agenda. The reductions in defense spending that we have already begun

will provide some of these funds, and I don't want them wasted in a torrent of new spending programs designed by a horde of special interests.

I honestly believe that this is the only way to get the size and spending of Government under control. I know that serious-minded people believe we need to increase revenues to close the deficit. But it won't work. I have seen too many times that efforts to close the deficit by increasing taxes have only turned out to give Congress a license to spend more money. There's a reason for this. Spending is power for Congressmen. That's how they show influence, and placate their friends, the interest groups. If you give Congressmen more tax money, they will spend it.

XI. A Strategy for Implementation

This year is an important turning point for the United States. We are entering a new era, and for the first time in many years, it appears that Congress will have 150 new faces for the President to work with. That's why I'm asking for a mandate for my program. That's why I have promised that I will meet with all new

members — all 150 or more — before they are besieged by the special interests and permanent staffs.

I also believe we need to take another step to ensure that the new Congress does not become like the old one. The root of the present problem is political contributions from organized special interests through political action committees, or PACS. In the run up to the 1980 elections, PACs raised and contributed \$55 million to political candidates. In the same time period before the '90 elections, PACs spent about \$160 million. The other party doesn't want to do anything about it, because they are the biggest recipients. I want to put them to the test. I want a new Congress to stay clean. So an important part of my new legislative agenda will be a simple bill to abolish PACs subsidized by corporations, unions, and trade associations.

I am committed to making my program work with Congress. Between the election and the convening of a new Congress, I will lay out an implementation plan for my agenda. I intend to be ready to present the new Congress a first-year plan to carry out the legislative proposals described in this agenda:

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- A radical overhaul of American education to emphasize excellence, standards, competition, entrepreneurial schools, and a "G.I. Bill for Kids" that will give parents a choice of schools
- My job training programs
- My health care reforms
- A package to cut spending, including a cap on the growth of mandatory spending, a taxpayers' "checkoff" to reduce the debt, a line-item veto, and a balanced budget amendment
- Tax cuts paid for through spending reductions and growth, including reductions to spur entrepreneurial capitalism and small business
- NAFTA
- New trade negotiating authority so we can conclude new Free Trade Agreements across the Atlantic, the Pacific, and in our own hemisphere
- A Government reorganization plan to streamline the

structure, ensure functions fit new needs, and cut salaries at higher levels

- Reform of our legal system
- A package to clear away crime, build business, and put people to work in our inner cities
- An expansion of Civilian R&D linked to new applications
- Ban on PAC contributions
- Limits on Congressional terms

Now I know I may not be able to get everything I want in the exact way I want it. But your support for a mandate to get it done would give me momentum. I intend to fight for this agenda, fight as hard as I can to get as much as I can, and then come back again to get more.

If Congress hesitates on some fronts, I intend to keep moving forward. You have seen that we can implement back-to-work welfare reform by granting waivers that enable the states to do the job more effectively. Similarly, 44 states and more than 1700 communities have started to

implement my educational reforms while Congress has stalled. We can get a great deal done at the state and local levels.

I will work with governors, state legislatures, local governments, and the private sector to pursue my agenda. While I want a Congress that can help me do the job, I'm committed to getting the job done one way or the other.

This is my Agenda for American Renewal. With the end of the long Cold War, we can target peace, prosperity, and promise at home. The American people want that. The American people deserve that.

At the same time, Americans recognize that the great events of recent years have shaken the world, and it will never be the same. If we are to succeed as a nation and as a people, if we are to hold true to all that has made America "the last, best hope of earth," then our renewal at home must at the same time enable us to make the 21st Century another American Century.

My Agenda draws together our people and our Government to take on this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

My approach to this challenge is fundamentally different from my opponent's. I want to stimulate entrepreneurial capitalism. I want to help people by enabling them to make their own decisions about health, education, job training, and child care from a variety of competing alternatives. I want to supply services through the private sector. I

believe people should sue each other less and care for each other more. I want Government to spend less and tax less. I will fight without hesitation for a free and fair flow of trade, capital, and ideas around the world. I believe America should compete, not retreat.

I know times have been difficult for too many Americans. I have sought to explain the causes of these problems and what I will do about them. Of course you will have change. The question is what kind of change. You face a serious choice. And I ask, when you step into that voting booth, please consider carefully which candidate's agenda for change fits best with your beliefs, America's experience, and our hopes for lasting peace and prosperity.

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(Detroit, Michigan)

For Immediate Release

September 10, 1992

REMARKS BY THE PRESIDENT
TO THE DETROIT ECONOMIC CLUB

Cobo Hall
Detroit, Michigan

1:00 P.M. EDT

THE PRESIDENT: Thank you all very, very much. Good morning to everyone. And, Governor Engler, I'm proud to be with you, sir, and thank you for that kind introduction. Greetings to Chick Fisher, your Chairman, and Jerry Warren, both of whom have been most hospitable to me. I've been here several times before this most distinguished American forum and I'm delighted to be back.

This morning I am here for a very serious speech, serious business. And I'm releasing today an agenda for the American renewal. And I've come here today to introduce it to you and to the nation.

My agenda diagnoses the economic problems our nation faces, lays out the principles that should guide us in the years ahead, and explains the integrated approach that I am pursuing to meet the challenge.

Over the past weeks I have been discussing certain elements of my economic agenda, and in the weeks ahead I will be expanding on those and other ideas. The document that I'm releasing today shows how the pieces all fit together.

But let's begin this morning by stepping back, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission in the lifetime of our country -- the triumph of democratic capitalism over imperial communism.

Today, this year, for the first time since December of 1941, the United States is not engaged in a war, hot or cold. Throughout history, at the close of prolonged and costly wars, victors have confronted the problem of securing a new basis for peace and prosperity. The American people recognize that we stand at such a watershed.

We sense the epic changes at work in the world and in the economy, the uneasiness that stirs the democracies who served as our partners in the long struggle.

We feel the uneasiness in our own homes, our own communities; and we see the difficulties of our neighbors and friends who have felt change most directly.

And we know that while we face an era of great opportunity, we face great risks as well -- if we fail to make the right choices, if we fail to engage this new world wisely.

But America has always possessed unique powers, and foremost among them is the power of regeneration -- to transform

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uncertainty into opportunity. Only in America do we have the people, the talents, the principles and ideals to fully embrace the world that opens before us.

For America to be safe and strong, we must meet the defining challenge of the 1990s: to win the economic competition -- to win the peace. We must be a military superpower, an economic superpower, and an export superpower.

My agenda for renewal asks that we look forward -- to open new markets, prepare our people to work, strengthen our families, save and invest so that we can win. Our renewal depends on economic growth -- but growth not for the few at the expense of the many, not for the present at the expense of the future.

In our country we've always prized an entrepreneurial capitalism that grows from the bottom up, not the top down; a prosperity that begins on Main Street and extends to Wall Street -- not the other way around.

That's the lesson I learned as a young man, packed up a Studebaker and moved to Texas after another war, at the start of another era. I saw jobs, prosperity -- an entire future -- built with the hands of ordinary men and women with extraordinary dreams.

Our nation has never been seduced by the mirage that my opponent offers -- of a government that accumulates capital by taxing it and borrowing it from the people -- and then redistributing it according to some industrial policy. We know that the clumsy hand of government is no match for the uplifting hand of the marketplace.

My international economic and trade strategy will guarantee our position as an export superpower, extending our global economic reach in tandem with our security presence -- to stretch beyond our borders so that we can create more jobs within our borders.

At the same time, we need to foster at home the capabilities that will keep us in the lead: radical changes in our education system to prepare our children for a constantly changing workplace; incentives for the entrepreneurs and new technologies to sharpen our competitive edge; job training, health care reform, to promote the economic security of our working men and women; and new approaches for reaching out to those who have been left behind, since in the century ahead we will need the talent and the energy of every single American.

And finally, because our greatest strengths flow not from government but from the personal initiative of free men and women, my agenda aims to check the growth of government, and, in some important ways, to reverse it. Together, the components of this new agenda should renew America according to her most cherished principles.

And this renewed America will be empowered toward a grand goal: to nearly double the size of our economy, to \$10 trillion, by the early years of the next century.

To place this agenda in a larger context, let me turn briefly to five profound changes now at work in our economy. When Americans gather around the kitchen table at night and talk about how they'll meet a mortgage, or pay the doctor's bill, they're feeling these changes in their daily lives. And before the changes have run their course, they will have forever altered the way Americans buy and sell, work and create.

The first great change in our economy is ironically caused by our very success in ending the Cold War. In the short run, deductions in defense spending have meant painful lay-offs in

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many industries, and we are taking steps to ease this transition. But in the medium and long run, deductions in defense spending will free up priceless skills and technologies for peacetime growth.

Second, most of our industries are transforming themselves from old-style hierarchies into flatter organizations, with fewer layers between customer and executive. The new organizations emphasize a skill-based workforce, "lean production," and shorter production cycles. From castings to computers, this is a revolution as dramatic as the one made earlier this century, when Henry Ford led the country from craft-based production to mass manufacturing.

While these changes are essential to maintaining our competitive edge, they've come with a cost; everyone in this room knows that -- lay-offs, cutbacks among both white- and blue-collar workers. These hard-working people need reassurance -- not only about their economic security, but about preserving the sense of self-worth that only work can provide. The third change: While the 1980s brought us the greatest peacetime expansion in our history, the boom also led too many of us to take on too much debt. We have been paying that down, that debt -- and lower interest rates have helped us do it. The process is largely over, but consumers and companies remain cautious.

The fourth change involves our financial system. We entered the '80s with a 50-year-old banking system, designed for the days when tellers wore green eye-shades, not for an era when billions -- billions of investment dollars can cross borders at the speed of light.

In the late '70s, record interest rates and inflation rates rocked this anachronistic system. The less efficient institutions could not survive, obligating the federal government to protect the savings of millions of Americans.

Now, this process of paying debt down is nearing its end. Our financial system will become more flexible and efficient. But for now, lenders are cautious and, despite low interest rates, small business still can find it hard to get the credit.

But the most far-reaching of these five changes is the emergence of a global economy. No nation is an island today. One out of every six manufacturing jobs is directly tied to exports. The crops sown from one out of every three acres of farmland are sold abroad.

Consider some implications of the global economy: when growth slows abroad, as it has recently, our own growth slows as well. And America will only grow in the next century if we can compete globally -- in every part of the world. So we must seize every opportunity to open new markets, particularly those with the greatest potential for expansion.

Now, in drafting an agenda for America's future, we had to assess our strengths as well as our weaknesses. Conveniently, the other side has discovered many weaknesses and very few strengths. And, of course, they might find temporary political gain in portraying an America as past her prime, over the hill. But they have no more right to argue, for partisan purposes, that our economy is weaker than it is, than I have to understate our problems.

Our strengths are real. Now, here are some facts. The Misery Index -- the sum of inflation and unemployment -- is 10.8 percent, down from 19.6 Percent in 1980. Inflation stands at about three percent. Interest rates are at a 20-year low. The purchasing power of Americans gives us the highest standard of living in the world. We enjoy the highest home ownership rate of all major industrialized countries. And we send 68 percent of our

children on to higher education -- more than any other country -- and well above Germany's 32 percent and Japan's 30 percent. And with 5 percent of the world's population, we produce 25 percent of the world's total output -- and 37 percent of its high-tech products.

Now, I don't mean to suggest that all is well -- that we don't need to lead and manage the changes that are transforming our economy. But you can't chart the stars if you think the sky is falling down. Over the past 12 years we have almost doubled the size of our economy. It's as if we'd created two extra economies the size of Germany's from scratch.

And how will we meet our goals? Before you hear the specifics of this agenda, let me tell you a little bit about what I believe -- because change, if it is to be a force for good, must be guided by principles. And the principles that must guide change are the principles that never change.

I believe we are a nation of special individuals, not special interests. Individuals draw their enduring strength from their families, from their neighbors and communities, not from the government. So I believe we must never ask government to do what families and neighbors and individuals can better do for themselves -- and for one another.

I believe -- because I've seen it -- economic growth comes from the small businesswoman who takes a risk on a new product, from the computer hacker working in a garage, in a cluttered way; from the merit scholar in South L.A., South Central L.A. with a future as big as his dreams.

And I believe government owes it to them, and to you, to keep tax rates low and make them even lower; to keep money sound; to limit government spending and regulations; and to open the way for greater competition, and freer trade.

But I do not believe, as some might, that government's obligation ends there. As a conservative I believe that government can help people -- offer them hope and opportunity -- by giving them the means and the confidence to make the decisions that matter in life.

My background has also prepared me for the task of bringing our foreign policies and our domestic policies together; to turn our strength as a world power to our advantage as an economic power; to match the security we feel militarily with the economic security that we must build at home. From now on, if America is to lead the world, we need a leader who knows the territory.

My agenda for American renewal calls for action on six interconnected fronts. There's no single cause of our present situation. There can be no single cure. The whole of our agenda will be -- must be -- greater than the sum of its parts.

First, challenging the world. During the Cold War, we built a global security structure with military alliances across the Atlantic and the Pacific. And in the same way, the post-Cold War era requires a strategic economic and trade policy -- global in scope, and built on our foundation as an economic and export superpower.

We are uniquely positioned to achieve this goal. As the largest fully integrated market in the world, we wield leverage with other countries that want access to our market. As both a Pacific and a European power, we are tied to the largest and most rapidly growing economies across both oceans. And as the strongest nation in our hemisphere, we are looked to for leadership by free economies emerging from Chile all the way up to Mexico.

The same holds true for the newly born economies of Eastern Europe and the former Soviet Union, where our values, our products, even our language, carry a unique appeal. In Moscow today, the lines at McDonald's are longer than the lines at Lenin's Tomb.

The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people. As this openness is at last being reciprocated around the world, we find ourselves again at a special advantage.

The next steps in my strategic trade policy are to secure congressional approval of the North American Free Trade Agreement and to complete the global trade negotiations, the GATT round, creating high-wage American jobs and expanding the pool of customers hungry for the fruits of American labor.

Let me emphasize: these agreements are steps, not ends in themselves. And so I want to announce today that it is my goal to develop a strategic network of free trade agreements -- with Latin America; with Poland, Hungary and Czechoslovakia; and with countries across the Pacific. And then, as these external barriers fall, I believe we can help reduce internal barriers to competition as well -- in North America, Western Europe, Japan, and elsewhere. Greater competition will encourage entrepreneurial capitalism at the expense of government power and entrenched interests, spurring unprecedented economic growth.

Traveling around the country I've seen it happen already -- particularly in some small businesses, as they strengthen themselves for international competition. A couple of weeks ago, in St. Louis, I visited Public Safety Equipment -- they're a company -- they make the light-bars that you've seen on police cars. The president of Public Safety told me that a few years ago, they recognized they could no longer just sell their products in 50 states, leave it at that. And so they took on the world. And now 35 percent of what they make is sold in 48 countries, creating good jobs right here in the United States of America.

Public Safety, and the hundreds of thousands of companies like it, offer a glimpse into the future I see for all American business. But a business is only as efficient, as resilient as innovative, as the people who keep its books and build its products and devise its strategy. Materials, machines, methods -- they'll come and go, but the American worker will remain the key to our economic security.

That brings me, then, to the second part of our agenda: preparing our children.

The workplace of the 21st century will be constantly changing. I've heard that from many businesspeople sitting right here at the tables in this hall. We must prepare the American people for a lifetime of learning, to keep a step ahead of that process of change. Now, developed nations need developing minds. The burden will fall on our educational system. As in the past, education should be the ladder that children can climb to better themselves.

Our current school system is not up to the task. Designed for the 19th century, it will collapse under the weight of the 21st. And our educational establishment is caught in the same time warp, where standing still means falling behind.

Money alone is not the answer -- the United States already spends more per pupil than any other country but Switzerland. The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.

The catalyst for change -- the one reform that drives all others -- is school choice, giving children scholarships so that

all parents have the freedom to choose which schools will best serve their children. Competition is the principle that must underlie education reform, to break the establishment's monopoly on the system. And competition will not work unless parents are allowed to choose their children's schools -- whether it's the public school across town or the parochial school across the street. (Applause.)

Consider just one statistic: in Chicago, 46 percent of public school teachers send their children to private schools. Clearly they know something about monopoly education that my opponent doesn't. Our different approaches to education reform reveal the grand canyon that divides me and my opponent. You see the same contrast in child care, or health care, and a host of other issues. My opponent prefers uniformity to variety and choice, relying on these government bureaucracies to offer "one-size-fits-all service." I don't want to pull everyone down to make everyone equal. I want to give everyone the tools to climb as high as they can dream.

Even as we fix our schools, the question remains: Will there be good jobs for the kids? And that's the third part of my agenda: sharpening businesses' competitive edge. I learned my economics the way most of you did -- a lot of late nights sweating over a balance sheet, or P & L statement, trying to meet a payroll. And I saw that if people are allowed to keep more of what they produce, they will produce more. It's common sense.

When capital is taxed lightly, there's more of it. And when it is taxed heavily, it becomes scarce -- available only to those who are already wealthy, who need it least of all. That's not the kind of economy that I want.

And if capital were more abundant, labor would be more in demand, wages would rise, unemployment lines would shrink. That is the kind of economy that I want. And that's why I want enterprise zones in our inner cities and in our rural areas. That's why I want to make this research and development, this R & D tax credit permanent. And that's why I want to cut the capital gains tax and index it for inflation. (Applause.)

Those are the fundamentals. I also see three other ways to sharpen the competitive edge of American business:

-- first, strengthening small business, by cutting taxes, making sure that credit is available, and by lifting the deadweight of government regulation;

-- second, supporting civilian R & D, by bringing the development, production and marketing of technology closer to the consumer;

-- and third, reforming our legal system. Every year American business and consumers spend up to \$200 billion just in direct costs to lawyers -- far more than our competitors in Japan and Europe. And my product liability reform and access to justice act will restore rationality to the system and stop undermining the American worker. (Applause.)

This is a fact: We will never lead the world in the 21st century until we learn to sue each other less and care for each other more. (Applause.)

The fourth part of my agenda: promoting economic security -- for working men and women.

Again, common sense shows the way: true security will come only by developing individual capability, not dependency. And that independence, in turn, comes through the private sector, not the government.

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Government's role will be to ease individuals' adjustment to a fast-changing marketplace. The average worker today will change jobs, it's estimated, 10 times over the course of his or her working life.

So we need a wider and more flexible range of job training and placement services -- for both the young and old, the blue and white-collar worker, and now especially for our workers from the defense industries.

Pensions must be portable -- and health care must be affordable. Our health care system today, I think everyone here would agree, provides the best care, but at an unacceptable price. More than thirty million Americans have no health insurance. Health care costs are the fastest-rising part of our budget for government, businesses, and yes, families.

My reforms get to the base of these problems while preserving and building on our system's strengths -- our state-of-the-art care, openness to innovation, and consumer choice. Taken together, my reforms cut health care costs by \$394 billion over five years.

My opponent's plan could eventually place a full 13 percent of our economy under the control of the federal government -- meaning more bureaucracy, rationed care, inefficient service and, in the end, higher costs.

We must enhance competition and market forces, not restrict them; we must preserve individual choice, not hand decision-making over to centralized bureaucracies; we must reduce the burden on employers and employees, not bury them in a tide of new taxes and government regulations. (Applause.)

The programs I've outlined and that are detailed in this agenda are based on the principles that will empower all Americans to make their own choices and better their lives. But I believe we need to do more for some of our citizens who have been left behind. And that is the fifth component of this agenda: leaving no one behind.

The American Dream is nothing more than the belief that all Americans can make a better life for their children. The dream has made us the most dynamic society in the world; it's yet another strength we can draw upon for the challenge ahead. And so we must give every American a shot at making good on the dream.

And I reject the shopworn logic that sees poverty as a simple lack of income -- a kind of economic shortfall that can be replaced with a government check. A conservative philosophy of empowerment must have at its foundation the creation of character, through the ownership of property, through the dignity of work. That means sweeping away the nightmare of crime from our cities, building a core of property owners, creating business incentives, and making individual discipline and self-reliance the goal of all of our programs

I call the final component of my agenda -- "rightsizing government."

You'll recognize that I take the term from the business world -- which has a lot to teach those of us in government. At a time when companies across the country have been restructuring, increasing efficiency -- all to prepare for the economic competition of tomorrow -- the federal government faces an obligation to do the same. (Applause.)

Today the federal government spends nearly twenty-four cents of every dollar -- twenty-four cents of every dollar of the nation's income. And that's the fact: government is too big and

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spends too much. The size and structure of government are relics of a different age -- artifacts more suited to the dilemmas of 50 years ago than the problems of today. Every institution in our society has learned that by pushing power down through organizations, by using technology to speed the flow of information, you don't just save money, you improve productivity. It's time for the government to do the same.

I will streamline government -- consolidating agencies, tightening budgets, and cutting the salaries of highly paid federal employees. And I'll start by cutting the White House budget 33 percent if the Congress cuts its own budget by the same amount. (Applause.) You might say: Why the linkage? Well, with fewer congressional staff badgering us for endless reports and endless visits to Capitol Hill, I know we can cut costs by that amount. (Applause.) And I'll cut the salaries of all federal employees earning more than \$75,000 by 5 percent. Taxpayers have tightened their belts. The better-paid federal workers should do the same.

The agenda I publish today contains specific proposals to cut the fat: a cap on the growth in mandatory spending -- without touching social security -- and a freeze on domestic spending; a balanced budget amendment, a line-item veto -- (applause) -- and a new mechanism -- disciplinary mechanism -- a check-off box on tax returns to give the taxpayer the power to cut the deficit. I will fight to reduce spending and spur growth so we can get this budget in balance.

And unlike my opponent, I do not believe the American people are undertaxed. Quite the opposite: I am committed to cutting taxes across the board. And let me offer an example -- this is just an example -- as an illustration of what we could do: My cap on the growth of mandatory spending allows for population growth and inflation. It specifically exempts Social Security. But that cap alone, with those caveats, would save about \$300 billion over five years. If we used just \$130 billion in specific spending cuts that I have already proposed -- specific spending cuts of \$130 billion that I have already proposed -- we could cut income tax rates by one percentage point across the board; reduce the small business tax rate from 15 percent to 10 percent, and reduce the tax on capital gains.

That's the direction that I want to go: tax less, spend less, cut the deficit, and redirect our current spending to serve the interests of all Americans. I honestly believe that this is the way -- the only way -- to control the size of the federal government. The facts are painful, but plain: For congressmen, spending is power. And they will exercise that power until they have spent every last dime they can squeeze from the working men and women of America. And it's as simple as this: raising taxes won't cut the deficit.

Here, then, is my agenda for American renewal. It comes at a time unique in our history, a turning point, a moment when one era is passing away and another is being born.

In the agenda published today, you'll find 13 proposals that I intend to achieve in the first year of my second term. I present them as a single program, a unified strategy to make change work for America.

Over the last three years I've shown how America can change the world; and we've made a respectable start managing the change at home. Our primary task now is to target America.

I intend to fight for this agenda, to fight as hard as I can. With a new Congress that can have as many as 150 new members, I am optimistic. If congress balks, will move forward anyway -- just as I have done with education, regulatory and welfare reform. I'll work with our great governors, like John Engler, with the state and local governments, with the private sector -- with anyone who shares the urge to renew our country.

The American people know that the events of recent years have shaken the world. With the close of the Cold War we can achieve peace, prosperity and promise at home. The American people want that. The American people deserve that.

And I want America to seize this moment. I want to stimulate entrepreneurial capitalism, not punish it; I want to empower people to make their own choices, not yoke them to new bureaucracies. I want a government that spends less, regulates less, and taxes less. And I will fight without hesitation for a free flow of trade and capital and ideas around the world -- because Americans never retreat -- we always compete. (Applause.)

My agenda draws together our people and our government to meet this challenge. We will create a \$10-trillion economy. And we will renew America. And we will win the peace. (Applause.)

I know that times have been very, very difficult for many Americans. The world that we knew as children -- no matter your age -- will never be the same. America will change -- that's our destiny; how it will change will soon be decided.

I ask, as you consider the choice that you face, to consider carefully whose agenda for change best fits America's principles, our national experience, and our hopes for lasting peace and prosperity.

Thank you for your attention. And may God bless our great country. Thank you. (Applause.)

END

1:40 P.M. EDT

(Will need a brief introduction that explains & highlights the paper)

DRAFT #2

I. Context: Four Changes Underway

Our economy is undergoing the greatest change since the Industrial Revolution. Like all revolutions, this one has its casualties -- innocent victims caught in cross-hairs of change. We will take care of our own. But out of the rubble of the old economy, a new one will rise, stronger, smarter ... and ready to take on the world.

Our economy has been working through four adjustments. They establish the context for my agenda.

First, during the 1980s, we enjoyed the longest peacetime expansion in U.S. history, lasting seven and a half years. Through these years of strong growth, we created ^{OVER 21} million jobs, more than all the new jobs in the other major industrial countries and the rest of western Europe combined. Yet the boom that wiped

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x 5084

also the dismal economic performance of the late 70's led ^{more} many companies, too many financial institutions, too many ^{more} governments, and too many households to take on too much debt. -- all ready eager and willing, to take on more debt.

pb latest draft [CEA] | PAMMENTS | 10/20/80

You and they have been paying down that debt over the last three years -- and lower interest rates have helped you do it. Millions of people have refinanced homes at lower rates, reducing mortgage payments by as much as \$1,200 to \$1,500 ^{← THESE FIGURES REFLECT THE POPULATION} (check) (Companies have

CEA suggests eliminating bracketed language -- or else just make it "the last year"

CEA: Avg. for all home sales in US, annual mortgage reduction from 1990-1992 July

BRADY: 2,000 - 2,500
WE THINK THIS IS LOW

← POLEMICAL TRUTH, BUT FOR EXPENSIVE HOUSES
BOSKIN'S COMPROMISE: "BY AS MUCH AS."

restructured, paid down debt, and strengthened their balance sheets, positioning themselves to enjoy substantial profits when stronger growth resumes. This process will leave our economy leaner and more powerful; indeed many firms already are. But while that debt was being paid down, people bought fewer goods and companies put less money into new investments and jobs. The process is largely over, but it has left consumers and companies cautious.

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Second, we entered the '80s with a banking system designed 50 years earlier; it was woefully out of place in an era when billions of dollars could be sent around the world in a matter of moments. To provide a basis of comparison, consider that the United States entered the 1980s with some 9,000 commercial banks and 3,500 savings and loans. 14,000 4,600

Germany had 5,355 COMMERCIAL BANKS and 20 S&L'S (DISTINCTION IS BLURRED) and Japan had 86. The vast majority of those small banks and S&Ls operated in a heavily controlled environment where their costs of funds were limited by ceilings on your passbook accounts. Other regulations restricted competition by imposing costs and inefficiencies on savers and borrowers.

11 CHARTER BANKS AND 148 TRUST AND LOANS

(end of 81)
13 citibank
7 trust banks
6 regional
3 long term credit

In the late '70s, this out-of-date system was buffeted by record interest and inflation rates; it was challenged by competition from new financial services. As in any other line of business, the less efficient

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institutions could not survive. But because our banks and S&Ls held insured deposit accounts for most hardworking Americans, the streamlining process had to be managed in a way that enabled the Government to protect savers.

This process, too, is nearing its end. It will leave us with a more competitive and efficient financial system that will serve companies and families better. Over the next few years, the United States Government will actually gain revenues from the sales of billions of dollars of assets that it acquired as it protected savers. But this process has left lenders cautious. Business borrowing rates and mortgage rates are way down, but it's still too hard for small businesses to gain access to credit.

The third great change in our economy is ironically due to our very success in ending the Cold War. Since our superpower rival of the last half century has disappeared, we are now able to do something we have all hoped for since the close of World War II -- reduce significantly our defense budget.

In the medium and long run, reductions in defense spending will free up many new resources for our people and our economy. In the short run, this adjustment has meant cutbacks and lay-offs in many industries that have depended on defense spending.

The final economic change is perhaps the most profound of all: No nation is an island today. We are part of a global economy. To grow is to trade; to expand is to compete. One ~~job~~ ^{MANUFACTURING JOBS} out of every six in our economy depends directly on our exports; so does one acre out of every three planted by American farmers. Check.

Dave Walters
USTR x3583

Keith Collins
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720-5955

This international economic influence has three implications. One, when growth ^{slumps} is slow abroad, ^{it drags} as it is today, our economy ^{down with it} is slowed, too. Two, it means that if America is going to be strong and growing in the 21st Century, we must be ^{prepared} ready and able to compete around the globe. Three, we need to seize opportunities to develop new markets, particularly in areas that have potential for significant growth in the future.

II. Start with Strengths

In developing a plan for the future, it is important that we ^{take a clear-eyed look at our weaknesses as well as} assess fairly our strengths, as well as the problems. Not surprisingly, the other side has ^{conveniently} skipped over the United States' numerous strengths. Frankly, they want you to believe America is ^{over the hill & past her prime.} in a state of decline. But they have no more right to convince you the economy is worse than it is for political advantage than I have to sugarcoat the problems. So we need to make at

least a brief survey of some of the foundation stones on which we will build.

Let's start with some of the key economic indicators:

- o Inflation has fallen to roughly 3%, the lowest in a quarter of a century (except for 1986). In fact, during my administration, inflation averaged less than half the inflation during the Carter years.

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- o Interest rates are at a 20 year low. In particular, mortgage rates are now in the 8% range, half the rate President Reagan encountered in his first year. Thanks to these low rates, more people can afford to own a home today than in any time since 1973.

TREASURY
SAYS '76

WE USED INDEX OF **NAR** ← Housing affordability →

121.2 (TODAY) 122.7 (4th Jan '91)
123.1 (DEC, 76)

- MAYBE THEY HAD DIFFERENT INDEX

- OR MAYBE THEY WERE USING A MONTH WHILE WE WERE USING ANNUALS

- o While unemployment is still far too high, the share of the working age population with jobs during my administration has averaged 62.3%, the highest in U.S. history. Indeed, the average unemployment rate during my term has remained below the average of the Carter years and puts us well ahead of G-7 partners like Canada, Britain, France, and Italy -- where unemployment rates are 10% or higher.

BLS

192	61.5
191	61.6
190	62.7
189	63.0

last # on Italy is 7.0%

f. 10 latest draft.
[CEA]

AFFORDABILITY

- o The Misery Index -- the sum of inflation and unemployment -- is down to 10.8% today from 19.6% in 1980.

JD Foster
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#5084

- o The rise in United States GDP during our long expansion was \$1.1 trillion. This increase is greater than the total size of the German economy.

These macroeconomic statistics translate into real improvements for individuals, too:

- o Average family income reached \$42,652 in 1990, \$15,000 more than before the expansion began.
- o A recent study by the Urban Institute concluded: "When one follows individuals rather than statistical groups defined by income, one finds that, on average, the rich got a little richer and the poor got much richer." "This pattern, however, may be surprising to the general public which has been led to believe that the poor were literally getting poorer over the last decade or two, and that the

(June '92,
Policy Bites,
"Is U.S. Income
Inequality
Really Growing"
Isabel
Sawhill &
Mark
Condon

incomes of the rich were skyrocketing. THIS That is simply not true."

PETER TAYLOR, CHIEF ECONOMIST, o
MINORITY STAFF, BUDGET COMMITTEE
#224-0566 (HE USED TO WORK AT
CEA). HE SAYS THAT A TREASURY
STUDY SHOWS THAT 86% OF THE
LOWEST 5TH PERCENTILE MOVED UP,
THE URBAN INSTITUTE STUDY SHOWS
THAT 47% MOVED UP. SPLITTING
THE DIFFERENCE, IT'S PROBABLY
FAIR TO SAY THAT WELL
OVER 1/2 OF THAT PERCENTILE
MOVED OUT & UP.]

Of the people making up the lowest fifth of the income distribution in the late 1970s, more than half moved out of the lowest fifth and up the income ladder over the next ten years. During the expansion, the middle class shrank because more of them moved above the \$50,000 threshold and into the high income groups -- they weren't moving down.

JD Foster
CEA
5084

- o Real per capita income rose 15.7% during the '80s. {Consider a substitute statistic}
- o All major demographic groups shared in the economic growth. Between 1982 and 1991, employment of Blacks was up 29% and Hispanics 52%. The employment-to-population ratio for Black Americans during my tenure has averaged a record 55.7%, up significantly from 52.8% during the Carter years.
- o The United States has the highest home ownership rate of all major industrialized countries: [More than 64%] of households own

↳ 66% of households own homes

Uli Nietzchke, German Embassy
Statistical yearbook
German Desk, Bonn

their own homes, as compared with 61% in Japan
and 39% in Germany.

59%

NATIONAL CENSUS
Julian Vance & Sec.

"STUDENTS"?
THESE ARE 20-24 YR. OLDS, SOME EVEN OLDER.

1990 CENSUS
AGES 18-24
(ENROLLMENT)

(A)

ORGANIZATION OF ECONOMIC COOPERATION AND DEVELOPMENT
1987 TABLE

The U.S. sends 68% of its children on to higher education, second only to Canada, and well above the 32% rate, in Germany and 30% in Japan.

1988 UNESCO STATISTICAL YEARBOOK PER EMERSON ELLIOTT, COMMISSIONER, NATIONAL CENTER FOR EDUCATION STATISTICS.

And 51% of these U.S. students are women, as compared with 33% in Japan and 26% in Germany.

% OF GRADUATING CLASS THAT IS FEMALE

- Δ to 75.4 per Hanns Kuttner, OPD
- Δ to 12.6 per Nat'l Ctr. for Health Statistics
- Δ to 9.1 per Hanns Kuttner, OPD (1990 #) also per Nat'l Ctr. for H.S.
- Δ to 156 per Hanns Kuttner, OPD (1989 #s, most recent)
- Δ to 28.0 per Hanns Kuttner, OPD (1989 #s, most recent)

(B)

Since 1980: life expectancy has increased from 73.7 to 75.7 years; the infant mortality rate has dropped from 12 to 9.1 for 1,000 live births; deaths from heart diseases have dropped from 202 to 156 per hundred thousand people, an 18% decline; deaths from strokes and related diseases have dropped from 40.8 to 29.7 per hundred thousand people, a 27% decline.

While special interest groups release streams of stories about the supposedly unmet demands of their favorite groups, the facts demonstrate that the Government is already committed to sensible investment in the future of our people:

HOW BIG GNP

Make sure 93

~~93~~

→ list from Hanns Kuttner, OPD
approved by Hanns Kuttner (C)

Our 1993 Budget request for Children's Programs reflects an increase of 66% since 1989; we recommended funding of \$100 billion for programs assisting children in

health care
income support
foster care
child care

WIC
Food stamps
Head Start
& other govt. programs

→ okay per Digest of Ed. Stats. (DoEd)
P. 350
T. 336

From 1980 to 1991, Federal support for Education increased 59%, to \$54.6 billion. The

→ all changes in this
per Bob Grady (OMB) (D)
(\$ from Digest of Educational Statistics (DoEd))

~~total volume of guaranteed student loans~~ grew from \$1.4 billion in 1980 to \$4.2 billion in 1991 -- an increase of almost 200%.

→ # Δ per Digest of Education Statistics (DoEd) (E)
P. 156
T. 159

During the 1980s, expenditures per student in public elementary and secondary schools rose from \$2,502 to \$4,639, an increase of 85%.

The United States is spending more per pupil than any other country except Switzerland.

Remarks Announcing GI Bill for Children
BRUNO MANNO

→ Δ to 10.6 per Barry Clendenen OMB (x 4926) (F)

Federal investments in biomedical research have almost tripled since 1980, reaching a level of 10.6 billion in 1993.

ASST. SEC. FOR POLICY, DEPT. OF EDUC, 1992
CONDITION OF EDUCATION

→ Δ to 38% per Hanns Kuttner M. OPD (x 6563) (G)

Since 1989, we have increased AIDS research funding by 39%, to over \$1.2 billion dollars; AIDS prevention funding by 38% to \$621 million; and AIDS treatment funding by 240% to \$2.5 billion.

→ Okay per (306-1103) Michael Jackson, CoS DOT and Cathy Collins & (366-4594) Kate Moore - DOT budget (366-9191) examiners

Total public investment in infrastructure in the 1980s grew 2.2% annually, roughly equal to the growth of the 1960s and greater than the growth of the 1970s. *IS THIS REAL OR NOMINAL*

→ okay per Kate Moore (DOT budget examiner) and 5/92 CBO report.

DOT + FHWA

Since 1989, Federal spending for infrastructure has increased at a nominal average of more than 6.37% annually. And I signed into law a Surface Transportation Act that will support approximately one million jobs per year while strengthening our road, rail, and air transport systems. CHECK

OMB Ron Jones x 3914

Paul McNulty Policy/Comm DOJ (w) 703-425-3460 (w) 514-2000

Justice Dept. Gene Scalia 514-2291

BOB McHOLL FBI, UNCR 324-3444

User Service Unit, Chief Vicki Major

NIDA - 50150

Pat Ross

(301) 443-6637

Spending on Federal law enforcement has grown from \$4.8 billion in 1981 to an estimated \$15.8 billion in 1993. This has paralleled a 22.7% INCREASE (DOJ/UCR) dramatic 22% decrease in the national crime rate over the same period:

- Rape decreased 33% *INCREASED 17.4% PER 100,000*
- Robbery was down 24% *INCREASED 5.4% "*
- Assaults fell by 14% *INCREASED BY 49.5% "*
- Theft was down 25% *INCREASED 28% "*

[81-91]

related activities

DOJ strongly suggests we do NOT use these numbers because:
① The National Crime Victimization Reports from which they come is a random "door to door" survey.
② The FBI Uniform Crime report has the numbers used by law enforcement officials & the DOJ. They consist of crimes reported to the police.
③ The FBI UCR is more recent than the National Crime Victimization Reports. *The good news is*

According to the National Institute on Drug Abuse, the number of Americans using illicit *that we have dramatically decreased*

Current use of any illicit drug among Americans 12 and over

the growth rate of crime. In the 60s +

70's the average yearly increase in the crime rate was 150%. In the 80's the average yearly increase slowed to 30%

NIDA
Pat Ross →
(301) 443-6637

ONDCP →
Mr. Schicter
467-9800

Ron
Cosswell
x4586

Ron Cosswell
x4586

Wt 6/1/92
Fact
Sheet
on UNCED
Report Summit

3 45%
drugs dropped 10.8 million, or roughly 30%,
between 1985 and 1991. Our National Drug
Control Strategy helped cut overall drug use
by 13% and adolescent use by 27%.

high priority (budget wording)
The Federal budget for environmental programs
more than doubled since we took office. And
we have proposed a 22% increase -- an added
\$3.4 billion -- for 1993.

OVER N
The U.S. currently spends more on pollution
control and protecting the environment
than any other country in the world,
devoting at least \$115 billion annually, worth
2% of our GDP. That's why during the past two
decades:

Note: annual
lead emissions
are down 96% below
those of ONE decade ago
Godard Speech
6/1/92

US Actions
for a Better
Environment:ii

- [Lead pollution is down 96%] ("emissions")
- Carbon monoxide poisoning is down 41%
- Water pollution {suspended solids} is down 80%
- Sulphur dioxide pollution {contributes to acid rain} is down 25%

EDIT: Instead of
the passive
"is down" --
"have cut"
might
seem more
active.

Chief
of
staff
["emissions"]

"Targets Set By
George Bush"
(one of his 3 First Priorities)

With the new Clean Air Act, which I promised
in 1988 that we would achieve, we will cut acid
rain emissions in half, reduce smog in our

yes, if you
mean
sulphur
dioxide
emissions

US Actions for a Better Environment ii.

cities, and cut air toxic emissions by 75%.

Shiner Sanchez OPL

By pressing for and achieving the Americans with Disabilities Act, another promise from 1988, we will bring ~~about~~ ⁴³ million disabled Americans into the economic mainstream.

It didn't promise specific legislation, only the "mainstreaming" of our disabled

Together, our macroeconomic performance, our people, and our Government has put the United States on a path to be the export superpower that it must be to succeed in the 21st Century:

Dave Walters VSTR x 3583 July '92 Survey of current Business, 2nd quarter

With exports of \$622.1 billion, the U.S. is world's largest exporting nation. One quarter of [that increase] in exports has been accomplished during my Administration.

PII latest draft [VSTR]

(EXPORTS OF GOODS & SERVICES IN NOMINAL DOLLARS FROM '88-2nd 1/4 '92 ANNUAL RATE)

TREASURY SAYS 35% ← CONSTANT DOLLARS? ← '91 RATHER THAN '92

EXPORTS HAVE INCREASED DURING ADMIN. 40%

MISLEADING BECAUSE IT WAS 10.5 IN '80 +

10.6 IN '81

THE REAL TURNAROUND IN EXPORTS BEGAN IN '86 -- TROUGH AT 7.5%. YOU COULD USE THAT FIGURE OR TAKE "AT THE START OF MY ADMIN. IT WAS 9.1%

Today U.S. exports amount to 12.2% of our country's output, up from 8.6% at the beginning of the 1980s. IN 1982.

THE INCREASE IN EXPORTS REPRESENTS OVER A QUARTER OF TOTAL CURRENT EXPORTS,

All major categories of exports gained during my term. Exports of industrial supplies increased by 22%, capital goods by 45%, automotive by 36%, consumer goods by 78%, and agriculture by 9.1%

National Income Product Accounts July '92 survey of current Business

TABLE 1.1, JULY '92 SURVEY OF CURRENT BUSINESS SHOWS CURRENT DOLLAR EXPORT OF GOODS & SERVICES AT 622.1 BILLION

DOLLARS IN 2nd 1/4 '92 (ANNUAL RATE) COMPARED TO '88 EXPORT OF G+S OF 444.2

% ↑ 40.0

o U.S. export growth under my leadership has been roughly twice the rate of the other G-7 ma industrial countries.
In Real Terms ('89'90'91)
IMF World Economic Outlook March '92

PH latest draft [ustr]

MANUFACTURING PRODUCTIVITY

Dave Walters USTR 3583

We produce 25% of the world's total output with 5% of the world's population.

RATE OF PRICE INFLATION IS MUCH LOWER W MANUFACTURING

CONSTANT DOLLAR BASIS

In 1990, manufacturing accounted for 23% of U.S. GDP -- a higher percentage than in 1980. ^(22.6)
The most recently available data (89) Peak in biz cycle
READ OR CONSTANT DOLLAR
SLIGHTLY
a decade earlier (179)

AT OR CLOSE TO A PEAK OF MANUFACTURING PRODUCTIVITY
THEY ARE USING NOMINAL DOLLARS

(most americans are concerned about how many cars we're producing, how are going up or down)

Manufacturing productivity rose during the '80's with the best performance since World War II.

peak in business cycle

II. The productivity of American workers is approximately 26% above those in Germany and is 30% above those in Japan. ^{reflects more value.}
This is important because rate of inflat. here is slower, so it seems like a smaller % of GDP

GDP per person employed at purchasing power parity exchange rates in 1990 from LABOR (unpublished)

My purpose in making this status report is definitely not to suggest either that all is well or that we do not need to manage the changes taking place in the world and at home more actively. We do.

There are, however, three important observations we can make based on this brief review of the record. One, we're in a strong position internationally, but we're that it's declined, that country is deindustrializing

AIRCRAFT UP 70%

It was declined in some areas. But other doubled

going to need the national adaptability and capability to keep leading our competitors. Two, it is important to honestly recognize what we have accomplished over the past twelve years, so we can build on our strengths. Three, we must have the ^{courage of our} conviction to say "no" to the wrong sort of changes for the future -- ^{FALSE PROMISES} changes based on false premises and changes we cannot afford at this key moment in the world economic competition.

III. The Challenge:

Given the changes that are taking place at home and abroad, we face a world of great opportunity. There are also still great risks if we fail to make the right choices, if we fail to engage, or if we fail to do so wisely. There is a disquiet in a number of countries around the world. And people at home are anxious, nervous about the future.

It is vital for our nation to demonstrate its unique ability to transform anxiety, even anger, into regeneration. Only the United States has the people, the resources, the economic strength -- and especially the principles and ideals -- to pick up the challenge.

For America to be secure and strong we must meet the defining challenge of the '90s: to win the economic competition -- to win the peace.

The United States must be a military superpower, an economic superpower, and an export superpower.

Our approach to this future is to look forward -- to open new markets, prepare our people to compete, to restore our social fabric -- to save and invest -- so we can win. My opponent's vision is different. He talks about change, but as he goes from group to group, seeking to patch together their complaints about an America in transition. In an effort to protect what must be subject to change, he will burden us with a cost we cannot afford.

IV. Guiding Principles:

Before outlining the specifics of my agenda, I will set out four guiding principles. An effective strategy must be dynamic. As new problems or opportunities present themselves, we will need to make adjustments. Guiding principles can ensure consistency of direction and shape the nature of any supplementary actions.

First, start with the basics: I believe America is composed of individuals, not special interests. The individual gains primary strength and protection from his or her family and community, not the legal system or government social services. People find their friends and their enjoyment in voluntary association with one

another, not in ^{some} bureaucratic ^{is paint by number dream.} rules and government programs reflecting some sociologist's conception of what society is supposed to look like.

The individual, families, communities. That's where we start.

Second, we have to keep to the fundamentals of sound economic growth: lower tax rates, limits on Government spending, greater competition, less economic regulation, and more open trade that can unleash tremendous private initiative and growth.

Third, in the '90s Government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs. We want to empower people to make their own choices, to break away from dependency. We want to give individuals and families economic security by giving them the means, the capabilities, and the confidence to decide for themselves. We want everyone to have a stake in society, to own property, so everyone will build something with it for themselves and our country. Whereas ^{then??} [our] approach may place a premium on redistribution and "leveling," our programs will unleash initiative, reward success, and encourage excellence. Our approach is to give people the power to work, save, and be their best.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. America must have appropriate new approaches for the changes at home -- just as we've launched new policies to manage change abroad. We must concentrate on the interrelationship between domestic and foreign policy and between economic and security policy. At the same time, we must execute our agenda more effectively with a new Congress, state and local governments, and the private sector. Our aim must be to press our policies together, as a package, to make America secure and strong.

V. A Strategic Trade Policy:

During the Cold War, we built a global security structure to contain and counter the Soviet Union and communist aggression. We [?] [forced] military alliances across the Atlantic and Pacific that underpinned that structure. In the post-Cold War era, we need a strategic trade and economic policy that will ensure our position as an economic and export superpower.

We are well positioned to achieve this goal. We enjoy the largest fully integrated market in the world; this gives us leverage with other countries that want access to our market. Once the Congress enacts NAFTA,

our position will be further strengthened. NAFTA will open important markets, particularly a Mexican economy whose growth prospects will quickly transform its expanding industries and consumers into excellent American customers. Equally important, the integration of United States, Mexican, and Canadian capabilities will improve our global competitiveness by enabling American firms to efficiently source stages of production with our neighbors.

Our geopolitical position is also advantageous. The United States is both a Pacific and an ^{Atlantic} ~~European~~ power; our political and security ties link us with the largest and most rapidly growing economies across both oceans. Our trans-Pacific trade already exceeds our Atlantic trade; that's one reason why, in my first term, the United States helped launch the Asia-Pacific Economic Cooperation group to further strengthen our economic ties with that region. In addition, the countries in our own hemisphere, from Central America to Chile, are looking to strengthen their economic and trading ties with us as they move away from autarkic economic policies and toward free markets.

The spirit of freedom -- in Eastern Europe, the former Soviet Union, and Latin America -- also offers us a special opportunity. Free people and free markets develop hand in hand. In these and other countries

Dave Walters
USTR
x3583

Atlantic means
Europe not
including Africa
Exports AND
Imports

around the globe
the English
political and
appeal of American

THIS ASSERTION IS SERIOUSLY PROBLEMATIC IN THAT IT APPEARS TO ENDORSE ONE INDUSTRY'S VERSION OF EVENTS. MAAA SAYS ENTERTAINMENT IS OUR 2ND LARGEST EXPORT BUSINESS, THE TOURISM INDUSTRY ASSERTS THE SAME. THEIR ASSERTIONS ARE BASED NOT ON OFFICIAL US STATS, BUT ON INDUSTRY FIGURES NOT ANALYZED FOR COMPOSITION. WE CAN DO IT, IF YOU LIKE, BUT BE AWARE THAT WE ARE CHOOSING OUR FACTS TO FIT OUR POSITION

products, and
tion. These
mented by the
e world. This

is a new
entertainment industry is the United States' second
largest export business. CHECK

MPAA

THEY ARE THE CULTURAL ELITE
TOURISM POPS INTO MOST PEOPLE'S MINDS

Finally, as the primary founder and the most significant proponent of the GATT global trading system, we continue to have special influence if we act in ways that will truly open markets, including our own. The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people.

Dave Walters
USTR
v3583

Therefore, the next steps in my strategic trade policy are to secure Congressional agreement to NAFTA and to complete the global trade negotiations (the so called Uruguay Round negotiations in GATT). Our NAFTA agreement will be excellent for American business, workers, and consumers. Nevertheless, I expect a difficult fight in the Congress in early 1993 because of those special interests who band together with a protectionist purpose. The global trade negotiations, in turn, could be very close to a breakthrough if the United States continues to act as a strong world leader. There is a proposed draft text that establishes the outlines of a significant

new GATT agreement. Once we assure cuts in the subsidized agricultural trade along the lines of that text -- to enable our farmers to secure their competitive advantage -- I believe we will be able to complete the overall agreement.

An improved global trading system is, however, only a base for further trade liberalization. We need to start to develop a strategic network of FTAs across the Atlantic and the Pacific and in our own hemisphere. This network will stand in sharp contrast to the illogic of economic blocs. If we are to be a true export superpower, we cannot be tied down to one region. Instead, my intent is to use our attractive domestic market as the basis of a muscular trade policy [for good] ? that will strengthen America's global economic reach as a complement to our security presence.

More specifically, I will need to secure from the Congress additional trade negotiating authority within the first half of 1993. To overcome the special interests and the protectionists, I will need a mandate from the American people. If we are to be an export and economic superpower, the President must take a strong stand on the negotiation of trade agreements. The Congress will presume vacillation as weakness, and the national interest will lose out to the logrolling

tradeoffs of Congressional business as usual. That's one very big issue at stake in this election.

With new negotiating authority, I would pursue new trading opportunities in Latin America under my Enterprise for the Americas Initiative, starting with Chile. I would also like to work towards FTAs with Poland, Hungary, and Czechoslovakia by the end of my second term. And I would explore the possibility of a connection between NAFTA and the ASEAN FTA, or AFTA. It will not take long for other countries to begin to express their interest in new trade ties with us. For example, leaders in Australia and Korea have already spoken of their interest in forging closer economic ties.

As we are developing this economic and trading structure for the 21st Century, I will vigorously safeguard and promote American trading interests. For example, I am committed to a sizable Export Enhancement Program (EEP) to ensure that our farmers can go head-to-head with the European Community subsidized agricultural exports. That's why I recently announced the largest quantity of wheat ever available under our EEP program -- 30 million metric tons to 28 countries.

Bruce
Blanton
USDA

[29.1]

CUSTOMERS
AND AREAS

I will ensure that our ExIm bank and the Overseas Private Investment Corporation (OPIC), work with teams of our ambassadors to develop trade and investment

opportunities for U.S. firms. We've already begun this
with the six ASEAN countries. I will particularly stress
helping America's small businesspeople to develop trading
opportunities. If we are going to [orient] our economy
towards exports and international economic competition,
we can't just rely on our larger businesses. I have
visited small factories all across the United States that
first survived and then prospered by orienting themselves
toward the new economic world. I know it can be done.

✓ Bob Cassidy
USTR 3430

✓ Jim Berg
Exec. VP
OPIC
703/938-6436

VI. Preparing Our Children

In the 21st Century our primary national resource will be our people. Materials, machines, and methods will come and go, but the American worker will remain the key to our economic security. Since the workplace of the 21st Century will be constantly changing, we need to prepare the American people to adapt to and even lead the process of change. Therefore, our kids must arrive at school ready to grow, and they need schools where they will learn how to keep learning all their lives.

Our New American Schools will help prepare our children to become the useful citizens of tomorrow. Equally important, we want to enhance children's sense of self-worth, their confidence, their sense of participation in a larger community and society. This is an example of what I mean when I talk about a conservative philosophy of empowerment, helping people to help themselves.

Given my respect for all human life, I want to do my best to help all children come into the world as truly "created equal." That's why I am doubling spending for a Healthy Start initiative that targets communities with high infant mortality rates. We are also increasing prenatal care, nutrition services and substance abuse treatment for pregnant women. -Check. And I also want volunteers and families to get out the word that the behavior of parents is probably the most important contribution to infant health.

→ language 4 per Budget p. 1-71

(H)

more than funding

Language & per Budget p.1-72

Δ to 360% per Betty Jo Nelsen, Administrator, Food & Nutrition Service, DoAg, 703-305-2062

I

We need especially to focus on the preschool years, so that children coming to school are healthy and curious. Funding for the Women, Infants and Children Nutrition Assistance supplemental food program (WIC) has grown ~~347%~~ ^{257.6%} between 1980 and 1992; my request for an additional \$240 million for 1993 brings the annual cost to \$2.8 billion.

see other side

I have also increased funding for the Head Start program by ~~127%~~ ^{78%} -- for a total of ~~\$2.2~~ ^{2.8} billion in ~~1992~~ ¹⁹⁹³. ~~For~~ ^{1st} 1993, I have

J

proposed an additional \$600 million increase -- an unprecedented 27% jump in one year -- so that a year of Head Start will be available for every eligible four-year old whose parents want to participate. (Under my ^{FY1993} budget, almost 800,000 children will receive a year of Head Start before entering elementary school.)

ok per Hanns Kuttner, OPD

K

Child immunizations are also vital to safeguard kids' health. Every year since 1981-82, 95% or more of the children entering elementary school have been immunized against each of the vaccine-preventable diseases. Now we are focusing greater attention on preschool children. My 1993 budget calls for an 18% increase in Federal support for child immunization activities grants.

Language & per Budget p. 1-70

I want the United States to offer opportunity and encourage excellence; we must be fully capable of competing in a global economy. Therefore, it is imperative that our educational system prepare and point the way for our children. As in the past, education should be the ladder that the child of modest means can climb to better him or herself.

Our current school system is not meeting these needs. Our educational establishment is caught in a sort of time warp, a

★ The 127% increase applies only when including the additional \$600m increase. If we go from 1989 (1.235b) to 1992 (2.2b) it's only a 78% increase. You need the full 2.8 to make it 127%

Withdrawal/Redaction Sheet

(George Bush Library)

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Office: Speechwriting, White House Office of
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20

Finally, we must give all parents the means and freedom to choose which schools will serve their children the best. This component is critical to the success of the whole, integrated overhaul of our educational system. Competition, the underlying principle for this radical reform, will not work unless we give consumers the ability to choose.

Wealthy families already have this choice for their children. Many of the people that you saw at the Democratic National Convention have this choice for their children. Why shouldn't you have this choice for your children?

One of the greatest educational innovations in this country was the passage of the GI Bill after World War II. No one told my generation that a vet couldn't go to Notre Dame or Brigham Young or Baylor or Howard or Yeshiva.

So I want a "GI Bill for Children" to help give lower and middle income families the means to select any school: public, private, or religious. I also want scholarships available to be spent on after-school, Saturday and school vacation and summer academic programs.

We've already made significant progress in starting this radical reform agenda. Some 44 states, and over 1700 communities, have already endorsed my new national education strategy, check. America 2000. Indeed, this progress offers a good example of my commitment to pursue my agenda whether or not Congress dawdles. I will work with governors, state legislators, community officials, and the private sector if Congress balks.

I hope the new Congress will not remain subservient to the educational establishment and special interests that want to

→ language Δ per BQ92
issues office
factsheet

0

→ # Δs from
Lisa Barnes,
Am 2000
tracking
401-3000

P

Rae
Nelson/
Jane B

REVERSE
TO END
ON A
POSITIVE
NOTE

21

resist this revolution. Because a new system of education in this country is probably the most important ingredient in making America the winning economic and export superpower in the post-cold war era.

This must not only be my agenda, but yours, too. I will fight to give parents in America the right to choose the school your children will attend, but when you return from work, turn off the television, help your son or daughter with homework if you can, support your child's teacher who's trying to enforce discipline, join your local PTA, and support your children's schools.

I put the family at the center of our society. I believe that parents are best able to make decisions about their children, that federal policies should support parents, that we should increase the range of choices available to parents, and that government assistance should be targeted to those families most in need.

The other side may talk about similar problems, but they are approaching them with a fundamentally different ideology. You can see the contrast not only in education, but in health care or in the debate that took place over my Child Care proposal, which we enacted into law. The opposition prefers uniformity to variety and choice. Because they place a higher value on "leveling" society, they will tend to rely on government bureaucracies to offer "standard service." My approach to education, child care, health care, and other topics is to rely

on a diverse private sector to supply the service and to empower families to make their own choices.

VII. Sharpening Our Competitive Edge

Our ultimate success as an economic superpower is dependent on the performance of our private businesses. In addition to getting the fundamentals right my agenda focuses on three areas where we can sharpen America's competitive edge:

- strengthening small business;
- supporting civilian R&D linked to a research extension network; and
- reforming our costly legal system.

A. Strengthening Small Business

Small business is the backbone of a growing economy. small businesses employ more than half the American workforce; they account for 39 percent of our GNP. Small business creates two-thirds of our new jobs.

BO Issues Book

I am seeking to aid small businesses by reducing costly tax and ^{Freene} regulatory burdens, increasing access to credit, and removing barriers to competition.

SBA reg that's small bus that's been helped
On: Asphalt
OSHA
Betsy Anderson
OPL

Some of my tax proposals will help businesses of all sizes: cutting the capital gains tax; creating enterprise zones in inner-city and rural areas; making the R&D tax credit permanent; PROVIDING AN ADDITIONAL and increasing the first-year depreciation allowance for property purchases.

Tax Simplification

Betsy Anderson
OPL

Other tax proposals are designed specifically to help small businesses. The IRS ^{has published proposed} is developing regulations to allow small businesses to deposit payroll taxes on a monthly basis. And it has released a ruling allowing over 16 million ^{SOLE} small proprietors to deduct tax preparation fees as a business expense rather than as a limited itemized deduction.

May 12
Fact Sheet
on the Administration
Program for
Reducing tax
compliance
burdens for small

I want to build on these actions. For example, we are working on a Single Wage Reporting System that would permit businesses to report state and federal wage information through a single entity, thereby consolidating tax reporting requirements and reducing the burden.

Betsy
Anderson
OPL

(Possible insert of new Treasury tax proposals.)

On the regulatory front, I have extended for one year the freeze on paperwork and unnecessary federal regulation that I imposed last winter; the federal regulatory load hits small businesses particularly hard. I have also instructed federal agencies to look for ways to modify existing regulations that impose a special 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 requirement for small companies issuing stock.

Since small businesses are particularly vulnerable when credit is tight, we have to help them as our financial system is restructuring. That's why we have ^{AUTHORIZED} provided over \$6 billion in general business loan guarantees through SBA in 1992 -- an increase of more than 50% above 1991.

Enrolled Bill Statement

HR4111

SBA's New England Lending and Recovery Project extends

IT'S A PILOT PROGRAM -- ONLY SERVICING

THE NEW ENGLAND AREA

80 FACT SHEET

credit to viable small firms when access is limited because banks are having difficulty. We also have worked with bank regulators to base real estate values on income earning potential rather than liquidation value. We have taken steps to restructure the small businesses investment program, the only venture capital program in the government. And we are developing ways to offer special financing to exporting entrepreneurs.

Through its procurement assistance program, SBA helped small businesses secure federal contacts worth over \$35 billion in FY 90 -- almost 20% of all prime contracts let during that year.

BUSH RECORD

To ensure that small businesses can help their communities overcome disasters, we will be providing approximately million dollars in low-interest loans to small businesses in Florida, Louisiana, California, and elsewhere.

REQUESTED

1.55 BILLION

AND INDIVIDUALS

→ HAVE ALREADY PROVIDED 150 MILLION IN ADDITION TO THIS HE IS REQUESTING AN ADDITIONAL 1.55 BILLION

But the biggest reform is health care

Finally, we need to help small business by removing burdens to competition. My health care reforms would reduce costs for small businesses without costly government mandates or higher taxes; enactment of my legislation to establish uniform federal law on product liability would relieve a major burden on small businesses.

B. Supporting Civilian R&D

To be the world's economic leader tomorrow, we clearly have to invest in R&D and new technologies today. Given the pace of change, our task is both to come up with new inventions and to organize ourselves more effectively to develop and deploy new technology.

700

Our industries are in the process of transforming themselves from the old-style hierarchical organization to so-called "flattened" structures. This new industrial organization emphasizes a skills-based workplace, "lean production," and short product cycles rather than mass production. The change is comparable to the one we made when Henry Ford led the country from craft-based production to mass manufacturing in the early 20th Century.

Henry Ford introduced Model-T in 1908

These changes have three major implications for technology development. First, the more rapid product development cycle places a premium on bringing an idea quickly from the lab to the marketplace. We need to integrate R&D, manufacturing, and marketing into a seamless process of innovation. Second, we need

VHS invented by Japanese in 1975; VCR invented by Japanese in 1969, according to the '92 Almanac & a Nexis search.

to put new technologies to work in all applications in order to reap the full competitive and economic benefits from our R&D.

PAT WHITE, OFFICE OF SCIENCE & TECHNOLOGY

TECHNOLOGY

While Americans invented the VCR and FAX machine, we did not always benefit from their fullest use. Third, we need to rely increasingly on flexible, agile manufacturing, rather than old style mass production. We should have the capability to make a variety of products quickly and economically -- a process characterized by short product cycles, but also high quality output.

Possible alternative: "the camera, the microchip, computer, & the fax..." - until the '70s we dominated the camera market. - we face strong competition in the computer market.

Taken together, these developments emphasize decentralization -- an approach exactly opposite to our opponents' "national industrial policies" led by government bureaucrats and university think tanks. We need to get

technology development, production and marketing closer to the consumer, not further away.

My agenda will support our adaptation to these changes by increasing funding for basic research and complementing that work

with a focus on applied research and development. Despite cuts by Congress, we have managed to increase funding for basic research by 25 percent since 1989. We are supporting applied R&D through a series of new, high pay-off investments in critical technologies.

-- a new High Performance Computing and Communications initiative that will assist the development of a thousand-fold increase in computing capability and a one hundred-fold increase in communications speed by 1996.

-- an initiative to improve the manufacturing and performance of materials -- improvements that will enable advances in a wide range of other technologies.

-- an expanded program in biotechnology research with applications in health, agriculture, and environmental protection.

-- the establishment of the U.S. Advanced Battery consortium, a jointly-funded four year effort to develop an advanced battery for an emissions-free electric car.

-- a significant increase in our aeronautics research budget, underscoring the importance we place on the U.S. aeronautics industry in an increasingly competitive global market place.

OMB
Bob Grady
X4742
E
Budget
FY93
Pages
1-88 to
116

Budget
FY93
Pages
1-88 to
116

enable
by 1996

technologies.

WE HAVE NOT TARGETED THIS DATE.

P. 115
Bob Grady
and
Kenneth
Schwartz
OMB
x4892

-- the establishment of seven regional manufacturing technology centers for the distribution of modern manufacturing tools, such as computer-aided design, numerically rd controlled machines, and robotics.

Office of
Vice President
Bill Burrow
x6222

These efforts to develop and apply new technologies need to be complemented by the identification and removal of barriers to the private sector's ability to bring new products and services to the market. That's why my regulatory reform efforts -- to while still protecting health and safety subject regulations to a competitiveness analysis, to lift the dead weight of our legal system through major reform, to sunset regulations -- are critical to supporting our enhanced technology development.

Clinton has proposed that government "invest in a national information network to link every library, and every laboratory, and every classroom, and every company, and every home by the year 2015."

Just take one example: my opponent has proposed a major new federal government investment in the field of national telecommunications networks at the exact time that the private sector is seeking to develop such a network on its own, but has been stopped from doing so by federal regulations. (Get the facts.) SEE BACK

Tell this is also in his economic plan.

JAMES
GATTUSO
OVP
x1649

C. Reforming Our Legal System

Our competitive edge will be dulled if businesses are handicapped by a legal system that serves lawyers but frightens people. Therefore, another component of my agenda is a reform of the American civil justice system.

John
Howard
OVP

America has experienced a civil litigation explosion. Over the past 30 years, federal lawsuits have ALMOST tripled. Instead of being fast, fair, and affordable, our civil justice system is slow, expensive, and putting us at a global disadvantage.

WHEN AT&T WAS BROKEN UP INTO BELL COMPANIES,
THREE RESTRICTIONS WERE PLACED ON IT:

- ① THEY CAN'T ENGAGE IN THE MANUFACTURE OF TELEPHONE EQUIPMENT. CONGRESS HAS NOT OVERTURNED THAT REG., ALTHOUGH THERE IS A BILL PENDING. WE'VE BEEN PUSHING FOR THE REPEAL.
- ② THEY CAN'T ENGAGE IN INFORMATION SERVICES (E.G. ON LINE STOCK QUOTES, HOME SHOPPING) WE PUSHED FOR THAT REPEAL AND THE COURTS FINALLY OVERTURNED THAT LAW LAST SUMMER. CONGRESS IS TRYING TO PUT IT BACK INTO THE STATUTE.
- ③ BELL COMPANIES CANNOT ENGAGE IN LONG DISTANCE BUSINESS. NEITHER CONGRESS NOR THE ADMINISTRATION HAS BEEN PUSHING FOR THAT REPEAL.

** SEPARATE FROM THOSE THREE RESTRICTIONS IS ANOTHER LAW, BARRING THE BELL COMPANIES FROM PROVIDING CABLE SERVICES. WE HAVE BEEN TRYING TO REPEAL THIS, THIS IS THE BIGGEST REGULATORY BARRIER TO A PRIVATE INFORMATION NETWORK: ONLY CABLE COULD PROVIDE THEM WITH THE BASE OF REVENUES THEY WOULD NEED TO BUILD THE FIBER NETWORK,

Long delays in dispute resolution waste valuable judicial resources, force early settlement by those who cannot afford to wait, discourage those who have meritorious suits, and encourage frivolous suits by those who hope to leverage unjust settlements.

John Howard
DVP

Experts estimate that the drain on our economy from civil litigation may total 300 billion dollars annually. High punitive damage awards are passed on to consumers through higher prices, job cuts, higher insurance, and reduced product innovation.

[Direct cost alone is estimated at 200 billion]

This hurts our international competitiveness. Other nations do not face high domestic litigation costs. Foreign companies only need 2-5% of the product liability insurance our firms must carry because we do not have uniform state standards for product liability and punitive damages.

ROUGHLY 6%

ONE OF THE REASONS

My product liability reform legislation will deal with the following problems: wide variation among states' product liability rules; important products being kept off the market; excessive litigation costs with more money going to lawyers than to injured consumers; excessive insurance rates; and excessive consumer costs and, in some cases, less safety.

My "Access to the Justice Act of 1992" is intended to restore fairness and efficiency to the nation's civil justice system through: alternatives to federal civil trials such as alternative dispute resolution; incentives to prelitigation settlement, including precomplaint notification; and a "loser pays" rule requiring the loser to pay the winner's legal fees in suits involving federal diversity jurisdiction.

25

We also need to continue our work with the states to encourage fundamental change at the state and local level.

Lawyers, especially trial lawyers, are a powerful vested interest in our society. They are well represented in Congress and high on the lists of political contributors. But this is a problem too important to leave to the lawyers and their friends in high places.

VIII. Economic Security for Working People

In addition to preparing Americans for the 21st Century workplace and ensuring that our businesses sharpen their competitive edge, my plan offers economic security for working men and women.

We can only achieve this security by developing capability, not dependency. We can supply security through the private sector, not government bureaucracies.

It will be government's role to expedite the adjustment, provide people the means to work and take care of their families, and arm people to face the future by empowering them to make their own choices.

A. Job Training

Given the rapidity of change in the international and domestic marketplace, we have to prepare people for the prospect of changing jobs and learning new skills many times throughout the course of a productive life. Therefore, we need a range of job training and placement services -- for young people, factory workers, white collar employees, and particularly during this period, defense industry workers.

That's why one important portion of my recently-announced workforce adjustment initiative is designed to shift the government away from the old narrowly defined, expensive, and less effective trade adjustment assistance that paid people off without giving them real help to get back the work.

The three key of my proposal are: (1) universal coverage, so all dislocated workers will have access to basic transition assistance and training support; (2) skill grant vouchers of up to \$3000 to help meet the costs of adding new skills and training; and (3) a tripling of the resources currently devoted to ^{SK} ill training and worker adjustment, an allocation of \$10 billion over five years.

This proposal builds on my January plan to streamline the federal job training system through "one-stop shopping" in every community. Experience has demonstrated that the most effective training and placement services are those closely developed with local employers through private industry councils. That way the training is designed to develop skills that employers know they will need.

My expanded job training efforts will also be specially designed to help those who may need to change jobs or careers as a result of NAFTA or other trade agreements and the downsizing of our defense-related industries. But we will ensure that we offer training and placement to all workers: those who have lost their jobs, have been notified that their jobs are being terminated, or have been employed in industries experiencing significant changes and workforce adjustments and who fear job loss in the future.

These dislocated workers would be eligible to receive three types of assistance: (1) transition-assistance that includes skills assessment, counseling, job-search assistance, and job referral; (2) training assistance in the form of skill grants; and (3) transition income support where necessary for workers

Fact Sheet:
Worker
Adjustment
Initiative

Tom
Scully

Fact Sheet:
worker adjustment
Initiative

completing retraining.

I've also proposed a specially-targeted Youth Skills Initiative.

Youth Skills Initiative Fact Sheet

A new Youth Training Corps will provide economically and socially disadvantaged young people with intensive vocational training through 55 residential YTC centers nationwide; these centers will be located primarily in rural areas and will seek to utilize converted defense facilities. The YTC will draw from the military's high level of leadership and training expertise, by giving a hiring preference to individuals leaving our armed forces.

Ditto

I will also complement the YTC with a "Treat and Train" program to strengthen existing youth drug training programs.

Ditto

To help meet the needs of young people not planning to go on to college, I also will expand the National Youth Apprenticeship Program that I began in January. This program offers high school juniors and seniors a combination of classroom instruction and a structured, paid, work-experience program. I want student apprentices to receive both a high school diploma and a widely-recognized certificate of skill competency. Students will also have the opportunity to continue training at the post-secondary level.

Ditto

I started my Apprenticeship Program as a demonstration program in 6 states; in my second term, I will expand it to all 50.

TOM SCULLY

Finally, I will more than double the size of the present JROTC program, a very successful and popular partnership between

Youth Skills Initiative Fact-Sheet

the military and schools. JROTC emphasizes self-discipline, values, citizenship, personal responsibility, and staying in school -- it's a first class alternative to drugs and gangs. My goal is to establish 2,900 JROTC units by 1994. Initially, we will expand this program in inner-city high schools, but I want to make JROTC available to every high school across the country that requests it. This program is another way in which we can relate the successful experience of America's veterans to the next generation.

space tab

B. Affordable Health Care for All Americans With the rapidly rising costs of health care, the economic security of men and women requires a major reform of the U.S. health care system.

The present system provides high quality, high-tech medicine, but at an unacceptable price: spending has increased at a rate two to three times the rest of the economy; thirty-four million Americans have no health insurance; and millions more are afraid to change jobs for fear of losing their health insurance.

White Paper: 34.7

Hans Kuttner OPD x6563

My program will build on the strengths of the system consumer choice, innovation, and state of the art medicine while controlling costs and expanding access.

I want to guarantee access to health insurance for all poor families through tax credits sufficient to pay for a basic health insurance plan (\$3,750 for a family). Other low and middle income families would get tax relief to partially offset the cost of their health insurance. In total, some seventy million Americans will benefit.

NINETY FIVE

moderate and low-income

White Paper

White Paper

My program also includes:

-- provisions that encourage small businesses to develop less costly health care insurance networks for their employees by combining resources to achieve broader risk sharing, economies of scale, and purchasing power;

BQ Issues

-- "job lock" protection for employees and their families so that they will not lose coverage if and when a person changes jobs; -- guaranteed insurability so that people with "pre-existing" illnesses cannot be denied a job or health coverage on the job;

BQ Issues

White Paper

-- 100% tax deductibility of health care premiums paid by the self-employed, as compared to the present 25% deductibility;

-- malpractice reforms that will reduce the number of unnecessary procedures performed on patients and thereby reduce the cost of medical care; and

White Paper says costs are 43 bill/yr now -- reforms could reduce those costs by more than 25%.

-- reforms to encourage widespread use of electronic billing to save an estimated \$10.75 billion a year in paper costs.

Hans Kuttner x6563 Gail Wilensky x6406

Taken together, my program would cut health care costs by \$394 billion over five years through preventive care, reducing defensive medicine, malpractice reform, encouraging enrollment in cost-effective health plans, arming consumers with information about cost and quality, and eliminating administrative waste and unnecessary paperwork.

I believe we can provide access to affordable health care for all Americans, while perserving choice for patients and their families in selecting doctors, hospitals, health care programs, and employment. [Medical services now represent approximately 13%

Hans Kuttner

WOULD A NATIONAL HEALTH
INSURANCE TURN 13% OF
OUR GNP OR GDP OVER TO
THE GOVERNMENT

of our GNP (check). So it is vital that we rely on enhanced
competition and market forces to reform our health care system -
-- not national health insurance that would turn over 13% of our
economy to Uncle Sam or a "play or pay" approach that will burden
employers with massive new costs or taxes for every employee they
wish to hire.

(Perhaps add brief insert on pension portability or savings
plans; contrast with BC's idea of "investing" pension funds in
his spending programs.)

IX. Involving Everyone

For over 200 years, the most exceptional aspect of American
society has been the belief, the hope, that this is a land where
people can make a better life for themselves and their children.
It's this spirit, the commitment to the American Dream, that has
made our country and our society the most dynamic in the world.
If we are going to use that energy to drive us forward into the
21st Century, we will need to tap the aspirations of each and every
one of our citizens. No one should be left behind for want of
opportunity.

Many of the programs that I have discussed above -- health
care for all Americans, child care, anew competitive school system
based on choice for all American families -- support my overall
plan to empower all Americans to make their own choices and better
their lives. But I believe we need to do more for certain citizens
that have fallen too far behind.

My philosophy for enabling all Americans to have a piece of the American Dream is simple: it's based on property and work. So our urban and welfare programs must be designed to enable people to break the cycle of poverty, get back on their feet, get back to work, and take responsibility for their own choices and their own lives.

My ideas are in direct conflict with the logic of "welfare rights" that emphasizes entitlements. Nor will I support "income maintenance" strategies that assume the problem of poverty is simply a lack of income that can be made up by government.

Our goal should be to help people develop the "human capital" that enables them to become self-sufficient. We have made a start down this path with our implementation of the welfare-to-work logic of the Family Support Act of 1988. We have been encouraging flexible and innovative implementation through waivers that enable states to develop new programs to enhance parental and family responsibility.

Gail Wilensky
x6406

In our inner cities, we need to restore hope by clearing away the handicap of crime, building a core of property owners, creating business incentives, and focusing our programs on work and discipline.

Enterprise zones can create solid economic foundations in distressed communities. Our "Weed and Seed" effort can help reclaim and revitalize impoverished and embattled communities by eliminating the fear of drug and violence, targeting coordinated human services programs, and improving the housing stock and infrastructure.

We also need to extend opportunity by enabling lower income families to build assets -- for example, by allowing aid recipients to accumulate higher savings without losing their eligibility.

And we need to expand homeowner opportunities to lower and middle income families. For example, HOPE grants enable more inner-city people to own their own homes. Our \$5,000 tax credit for first-time home buyers would help; so would permitting voucher recipients to apply their rental subsidies toward the purchase of a home.

HUD
Rob Kellner
708-0120

We can enhance the choice, quality, and availability of housing through affordable rent subsidies in the form of housing vouchers, and through our "Perestroika Public Housing" program that widens opportunities for public housing tenants to change the management of troubled projects.

HUD
Rob Kellner
708-0120

This property and work-based approach need not be more expensive than the traditional welfare bureaucracy. For example, federal spending for assisted housing has already increased 138% from 9.1 billion in 1980 to 18.3 billion this year, as measured in 1992 dollars. This year, HUD provided housing assistance to 4.4 million low-income families, up from 3.1 million in 1980. I have pressed to switch some of this funding to vouchers because they are more cost effective than constructing new public housing units. Furthermore, families wouldn't have to wait seven years for the units to be built, and the vouchers give families more choice.

HUD →
Rob Kellner
708-0120 →

HUD
Rob Kellner
708-0120

X. Keeping Government Slim

My blueprint envisages an important government role to make a secure and strong America. But it is also important that government not siphon off more private resources than is absolutely necessary to perform the functions that would help us win the economic competition. Because an overweight government -- one that serves the special interests instead of America's interest -- will handicap our country in the race of a new era.

A number of the items on my agenda can be accomplished by redirecting current funding away from bureaucracies and towards people. My plan wants to empower people with the means to work, own property, raise their families, and be effective participants in the private market economy. Some of my ideas -- for example, legal and health care reforms -- should help us save money.

Contrary to the assertions of some politicians and special interest groups, spending as a percentage of the nation's GDP has gone up, not down. In 1991, the Federal government spent 23.5% of what our nation produced. That compares with 17.6% in 1965, 19.9% in 1970, 22.0% in 1975, and 22.3% in 1980. So not only has government grown as the economy has grown, but government is taking a bigger share. The American people are not taxed too little. The American government spends too much.

Ant
Steigle
OMB

In my acceptance speech I noted some of the efforts I will make to hold down spending. Some said they wanted to see more numbers. Well here are some figures for you. I have proposed

capping growth on mandatory spending, other than social security. That would still permit spending at present levels plus an adjustment for inflation and population growth. Yet this cap would

whoever
said
that
should
be shot.

Ant
Steigle

save \$294 billion over five years.

OVER 72

BARRY ANDERSON
OMB
4634

To start to implement this cap, I have proposed almost \$70 billion in specific spending cuts for "mandatory" programs (FY93-97). [If you add these proposed cuts to others I have previously called for but which Congress has not yet enacted, my specific cuts would total about \$132 billion over five years.] I have also proposed the outright elimination of 246 specific discretionary programs.

RGD

need to check for w/ Barry

David Tell

JEREMY SHANE

Mack
LaFollet
BR 155

By way of comparison, my opponent has specifically proposed less than \$5 billion in cuts in mandatory programs. And he has specifically proposed to eliminate only one program -- the honeybee subsidy program, which Senator Gore voted to retain 4 occasions.

AND CUT DEFENSE SPENDING

DOMESTIC DISCRETIONARY

will freeze domestic discretionary spending
will cut defense discretionary spending

Furthermore, I proposed to freeze all other spending, and I will enforce this freeze by vetoing any bill Congress sends me that spends more than I asked for in my budget.

accepted 8/7

I've also asked Congress for the line item veto, a disciplinary tool utilized effectively by the governors of 43 states. This veto authority is important not only to help cut spending, but to increase my leverage with a Congress that seeks to tax more and spend more.

Zoeckel ck

I also believe that government can slim down the costs of its administrative operations. So I will cut the operating budget of the Executive Office of the President by 33% if Congress agrees to subject itself to a cut of the same size. With fewer Congressional staffers badgering the Executive Branch, I know we can cut costs by that amount. Moreover, I propose a freeze in the operating budgets of all federal government agencies.

Some people will complain. But the American people know that any good business and many families could tighten their belts if they had to by spending no more next year than they spent this year. It's time for the government to tighten its belt.

I also believe government should be subject to the discipline of a balanced budget amendment. State governments operate that way. Businesses operate that way. Families operate that way. And given the breakdown of congressional discipline, we need an amendment to ensure that the Federal government operates that way.

If we had had such an amendment earlier, we wouldn't be paying almost \$200 billion dollars a year on interest for the debt left us by earlier Congresses. IN FUTURE TENSE: MORE THAN 200 BILLION

BARRY ANDERSON, BUDGET ADVISOR OMB 4630

I also believe taxpayers should have the right to check off 10% of their tax payments to reduce debt and spending. If all taxpayers took the full 10%, the cut would be about \$50 billion. That's only 3% of the Federal budget of about 1.5 trillion. Since federal spending has been growing at a rate of about 8% per year, even this proposed cut would still enable spending to grow; it would just grow more slowly.

Some editorialists slight my checkoff proposal, but it can trace its roots to a venerable tradition in American history. At the turn of this century, many people were concerned that the government establishment was slipping away from the people it is supposed to serve. This movement led to a number of innovations such as referenda, the right of recall, and the direct election of senators. At the time each of these was proposed, the conventional thinkers mocked the changes. Given the breakdown in spending

discipline in Congress, it's time that we insist on compensating reforms that give people a bigger say in the direction of Federal government spending.

I also am committed to reducing the tax burden on the American people. I have said that I will propose to further reduce taxes across-the-board, provided we pay for those cuts with specific spending reductions that I consider appropriate, so that we do not increase the deficit.

To give you a sense of what tax cuts we could achieve if we enforce discipline spending, just consider the tax cuts we could make if Congress acted on the \$130 billion in specific spending reductions that I have already proposed. [These savings alone could finance an across-the-board rate cut of 1 percent, and reduction of the small business tax rate from 15% to 10%, [and an increase in small business expensing of investment in equipment,] and a reduction of the capital gains tax.]

72 ← mandatory cuts
50 ← defense

→ sel p 45

→ How much

RGD?

→ How much of an increase

In sum, my direction is clear -- I want to spend less and tax less. My opponent wants to spend more and tax more. I believe the federal government can reallocate its almost \$1.5 trillion in spending more effectively if we implement my agenda. Certainly reductions in defense spending will provide some of these funds.

Bany
Anderson
OMB v4634

I honestly believe that this is the only way to get the size and spending of government under control. For I have seen too many times that efforts to close the deficit by increasing taxes have only turned out to give Congress a license to spend more money.

NOTE: USE '79-'80 TOTAL PAC CONTRIBUTIONS OF \$55.2 MILLION VERSUS '89-'90 TOTAL OF \$159.3 MILLION.

- ① PAC CONTRIBUTIONS ARE COUNTED IN ELECTION CYCLES (e.g. 89-90 rather than simply 90)
- ② SINCE THE POINT IS TO SHOW AN EXPLOSION IN PAC CONTRIBUTIONS, WE WOULD BE BEING UNFAIR TO THE VERY POINT WE ARE TRYING TO MAKE IF WE INSIST ON '92 CONTRIBUTIONS OR EVEN '91-'92 CONTRIBUTIONS. THE REASON IS THAT THE LATEST CONTRIBUTION ACCOUNTING ARE MANY MORE CONTRIBUTIONS TO COME SINCE WE ARE STILL IN THE MIDDLE OF PRIMARIES, & MANY PACS HOLD THEIR MONEY TILL PRIMARIES ARE OVER. FEC DOES NOT DO ESTIMATES OR EXTRAPOLATIONS. PERHAPS

XI. A Strategy for Implementation

This year is an important turning point for the United States. WORDING COULD BE

Not just because we are entering a new era, but for the first time "IN THE LAST ELECTION CYCLE..." in many years, it appears that Congress will have 150 new faces for the President to work with. That's why I'm asking for a mandate AND "A DECADE BEFORE" for my program. That's why I have promised that I will meet with all new members -- all 150 or more -- before they are besieged by the special interests and permanent staffs.

I also believe we need to take another step to ensure that the new Congress does not become like the old one. The root of the present problem is political contributions from organized special interests through political action committees or PACS.

Ten years ago, PACs raised and contributed \$8.6 million to political candidates. This year the number will be closer to \$ million. The other party doesn't want to do anything about it, because they are the biggest recipients. I want to put them to the test. I want a new Congress to stay clean. So an important part of my new legislative agenda will be a simple bill that bars all contributions by PACS.

I am committed to make my program work with Congress. I intend to present the new Congress a 100-days plan to act on the legislative proposals outlined in this agenda:

- o Ban on PAC Contributions
- o NAFTA
- o New trade negotiating authority
- o A radical overhaul of American education to emphasize



FRED EILAND, FEC PRESS W(202)219-4155 H(703)548-6223

FEDERAL

excellence, standards, competition, entrepreneurial schools and a G.I. Bill for Kids

- o Tax and credit proposals to help Small Business
- o An expansion of Civilian R&D linked to new applications.
- o Reform of our legal system
- o My job training programs
- o My health care reforms
- o A package to clear away crime, build business, and put people to work in our inner cities.
- o A package to cut spending and the size of government.
- o Tax cuts paid for through spending cuts and growth.

Now I know I may not be able to get everything I want in the exact way I want it. But your support for a mandate to get it done would give me momentum. And then I intend to fight for this agenda, get as much as I can, and come back again to get more.

If Congress hesitates on some fronts, I intend to keep moving forward. You have seen that we can implement back-to-work welfare reform by granting waivers that enable the states to do the job more effectively. Similarly, 44 states and more than 1700 communities have started to implement my educational reforms while Congress has stalled.

YOU'VE ALREADY USED THIS ON P.26

I will work with governors, state legislatures, local governments, and the private sector to pursue my agenda. While I want a Congress that can help me do the job, I'm committed to get the job done one way or the other.

(Useful to include a table of numbers)

LISA BARNES
AMERICA 2000
TRACKING
DEPT. OF EDUL
401 - 3000

FACT CHECK

TWO

I. Introduction: The Challenge

This is my Agenda for American Renewal. It diagnoses the economic problems we face, sets forth the principles that should guide our actions, and explains the integrated efforts I am pursuing to meet the challenge.

Over past weeks I have been discussing some of the elements of my economic agenda. In coming weeks I will be expanding on my ideas. This document shows how the pieces fit together.

It is important to begin by standing back for a moment, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission of all, the triumph of democratic capitalism over a frightening, rapacious, totalitarian nuclear superpower. Mission accomplished.

Throughout history, when long wars ^{ED} end, people have been confronted with the problems of converting to peacetime and establishing a new basis for securing peace and prosperity.

OR "wars end... people are"

- VERB TENSE -

In wartime, the costs of government are always high. Domestic needs are not fully met. A good nation engaged in conflict tries

to look after its poor, its sick, its elderly, its less privileged members, but not as completely as it should.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

The American people recognize this historical watershed. They want and deserve a peacetime system of taxation, a peacetime freedom from unnecessary intrusion into our lives, a peacetime commitment to sound money, a peacetime dedication to unfinished work and unsolved problems close to home.

At the same time, Americans are aware of epic changes in the world and the economy. They sense the disquiet in many of the industrialized democracies that have been our partners in the long struggle. Our own economy has been going through some profound changes. And I know change can be difficult, particularly for those who feel its effects more directly.

Americans sense ^{that} we face an era of great opportunity, but that there are also great risks if we fail to make the right choices; if we fail to engage wisely.

It is vital for our nation to demonstrate its unique ability to transform anxiety into regeneration. Only the United States has the people, the resources, the economic strength -- and especially the principles and ^{the} ideals -- to pick up the challenge.

For America to be safe and strong we must meet the defining challenge of the '90s: to win the economic competition -- to win the peace.

The United States must be an economic superpower, an export superpower, and a military superpower.

My approach to this future is to look forward -- to open new markets, prepare our people to compete, to restore our social fabric -- to save and invest -- so we can win.

This future depends on economic growth, but not for the few at the expense of the many, not for the present and the expense of the future.

In this country, we have always preferred an entrepreneurial capitalism that grows from the bottom up, not the top down; a capitalism that begins on Main Street and extends to Wall Street, not the other way around.

Nor have we been taken in by the view my opponent prefers, that Government should accumulate capital -- by taxing it and borrowing it from the people, and investing it according to some industrial policy design.

My agenda is for an inclusive America, not an exclusive or reclusive America. My international economic and trade strategy

will promote free trade arrangements east and west, north and south, to strengthen our global economic reach and complement our worldwide security presence. At the same time, we need to foster the capabilities at home that will keep us in the lead. To help prepare all American children for a constantly changing workplace, I want to make radical changes in our education system. Each child should graduate with skills, self-discipline, and a strong sense of self-worth. I will sharpen the competitive edge of our businesses through encouraging entrepreneurial capitalism and small business, deploying advances in R&D & technology, and reforming our legal system so it no longer puts us at a global disadvantage. My agenda promotes economic security for working men and women through job training that will ease adjustments and provide people new capabilities for work in the face of competition and change. And I will enable families to concentrate on building for the future by giving them the means to protect themselves against today's cost of health care and by making it easier to build retirement security. I want our efforts to reach out to all our citizens, leaving no one behind, because we (will) need the work, aspiration, and energy of each and every American. ^{to?} Finally, since our competitive strength and entrepreneurial spirit must flow from the private sector, I will streamline government to meet changing needs. It should not siphon off more resources than is absolutely necessary.

Taken together, in mutual support of one another, the components of this agenda should empower America to seek a grand goal: to

double the size of our economy to \$10 trillion, in no more than
_____ years.

Think of what we could do with another \$5 trillion in annual income. With an economy that size, we could provide the resources, private and public, to satisfy our most ambitious social and financial requirements. We could simultaneously renew America and pay down our national debt.

So now let me turn to how we can meet the challenge and reach our goal.

II. The Context: Five Changes Underway in the Economy

The U.S. economy has been working its way through five profound changes; they establish the context for my agenda.

The first great change in our economy is ironically due to our very success in ending the Cold War. Since our superpower rival of the last half century has disappeared, we are now able to do something we have all hoped for since the close of World War II -- lighten the load. In the short run, this adjustment has meant cutbacks and lay-offs in many industries that have depended on defense spending. We need to take steps to ease this transition. But in the medium and long run,

reductions in defense spending will free up many new resources for our people and economy.

→ [Second, it seems that almost every day you can find a story about a major U.S. corporation that is restructuring itself. Our industries are in the process of transforming themselves from the old-style hierarchical organization to so-called "flattened" structures. This new industrial organization emphasizes a skills-based workplace, "lean production," and short product cycles rather than mass production. In effect, we are integrating R&D, manufacturing, and marketing into a seamless web of innovation. It is a change comparable to the one we made when Henry Ford led the country from craft-based production to mass manufacturing early in this century.

UNDER REAGAN BUSH [OR: OVER THE PAST TEN YEARS] THE ANNUAL GROWTH IN MANUFACTURING PRODUCTIVITY WAS OVER 50% HIGHER

→ [We have to make these adaptations if America's industries are to keep ahead of their international competitors. Strong sales and productivity increases are the prerequisites for creating more jobs, boosting wages, and upgrading benefits. In fact, it is partly because of these changes that American firms lead the world in exports, and that the increase in U.S. manufacturing productivity during the '80s was our best performance since World War II.

THAN UNDER JIMMY CARTER.

43% INCR IN MANUF PRODUCTIVITY OVER THE PAST 10 YEARS.

was way up → ① many as a share of GNP
→ ② LABOR force in manuf went way down

JAG

SENATE THING

3:45

Manuf
productivity
has been
revised

CALL JIM FOSTER

IN THE
80'S
THE US HAD

5084

THE LOWEST TOTAL
% CHG IN MANUF PROD OF
ANY DECADE SINCE 1950.

JB

→ Nevertheless, these changes also have produced layoffs and relocations among both blue and white collar workers. Middle-aged breadwinners are wondering whether their company will be the next to make announcements, and they worry about their jobs, health care and pension rights. Some are also deeply troubled by the prospect that after sacrificing to send their kids to college -- often the first generation to attend -- that ^{for} some of these children, their diplomas aren't golden tickets to security.

→ Third, the 1980s wiped away the dismal economic performance of the late '70s. We enjoyed the longest peacetime expansion in U.S. history, lasting seven-and-a-half-years. We created over 21 million jobs, more than all the new jobs in the other major industrial countries and the rest of Western Europe combined. Yet great booms produce excesses, and this time too many companies, too many financial institutions, too many governments, and too many household^s took on too much debt.

→ We have been paying down that debt over the last three years -- and lower interest rates have helped us do it. Millions of people have refinanced homes at lower rates, reducing mortgage payments by as much as \$1,200 to \$1,500 a year. When companies restructured, they paid down debt, strengthened balance sheets, and positioned

← PLAYING INTO HANDS OF DEMS THAT CALLED 80'S DECADE OF GREED. HOW MUCH IS TOO MUCH.
 DEBT HAS ONLY BEEN GOING DOWN PAST CE4 YEAR, NOT PAST THREE.

themselves to enjoy greater profits when stronger growth resumes. This process will leave our economy leaner and more powerful; indeed many firms already are. But while that debt was being paid down, people bought fewer goods, and companies put less money into new investments and jobs. The process is largely over, but it has left consumers and companies a little cautious.

Fourth, we entered the '80s with a banking system designed 50 years earlier -- a relic woefully out of place in an era when billions of dollars could be sent around the world in a microsecond. The United States entered the 1980s with some 14,000 commercial banks and 4,600 savings and loans. In comparison, Canada had _____, Germany had _____, and Japan had _____. The vast majority of those small U.S. banks and S&Ls operated in a heavily controlled environment where their costs of funds were limited by ceilings on your passbook accounts. Other regulations restricted competition by imposing costs and inefficiencies on savers and borrowers.

In the late '70s, this out-of-date system was buffeted by record interest and inflation rates; it was challenged by competition from new financial services. As in any other line of business, the less efficient institutions could not survive. But because our banks and S&Ls held insured deposit accounts for most hardworking Americans, the streamlining process had to

be managed in a way that enabled the Government to protect your savings. The Government picked up these costs so your savings would be safe.

This process, too, is nearing its end. A strong economy must have a good banking and financial system so entrepreneurs can get capital, business^{es} and farms can get loans, and families can buy homes and cars. We will have a more competitive and efficient financial system that will serve companies and families better. Over the next few years, the Government will actually gain revenues from the sales of billions of dollars of assets that it acquired from banks and S&Ls as it protected savers. But this process has left lenders cautious. Business borrowing rates and mortgage rates are way down, but it's still too hard for small businesses to gain access to capital and credit. We are still taxing capital too much.

The final economic change is perhaps the most profound of all: No nation is an island today. We are part of a global economy. To grow is to trade; to expand is to compete. One manufacturing job out of every six depends directly on our exports; so does one acre out of every three planted by American farmers.

This international economic influence has three implications.

→ [One, when growth slumps abroad, it drags our economy down with it. Both Western Europe {especially Germany} and Japan are going through major readjustment -- and that has contributed to our sluggishness.

Boskin
→ says this
could be
strengthened,
call him
if you st

Two, it means that if America is going to be strong and growing in the 21st Century, we must be ready and able to compete around the globe. We need to encourage entrepreneurial capitalism and investment at home, and at the same time ensure that our labor force remains the best in the world.

→ [Three, we need to seize opportunities to develop new markets, particularly in areas that have potential for significant growth in the future. One of the other benefits of the end of the Cold War is the extraordinary potential to expand trade and sales to hundreds of millions of potential customers who not long ago were our enemies.

III. Start with Strengths

In developing an agenda for the future, we should take a clear-eyed look at our strengths as well as weaknesses. Not surprisingly, the other side has

conveniently skipped over our country's many strengths. Frankly, they want you to believe America is over the hill and past its prime. But they have no more right to convince you the economy is worse than it is for political advantage than I have to sugarcoat the problems. So ~~we~~ let me just note 10 key facts. (See Appendix A for others.)

- ✓ / ○ The Misery Index -- the sum of inflation and unemployment -- is down to 10.8% today, from 19.6% in 1980.
- ✓ ○ Inflation has fallen to roughly 3%, the lowest in a quarter of a century (except for 1986).
- ✓ ○ Interest rates are at a 20 year low. Mortgage rates are now in the 8% range, half the rate President Reagan encountered in his first year. Thanks to these low rates, more people can afford to own a home today than at any time since 1973.
- ✓ ○ While unemployment is still far too high, the share of the working age population with jobs during my administration has averaged 62.2%, the highest in U.S. history.

- The United States has the highest home ownership rate of all major industrialized countries: ~~More than~~ 66% of U.S. households own their own homes, as compared with ⁵⁹61% in Japan and ⁴⁰39% in Germany.

see p 8

- The U.S. sends 60% of its children on to higher education, second only to Canada, and well above the 32% rate in Germany and 30% in Japan. And 51% of these U.S. students are women, as compared with 38% in Japan and 26% in Germany.

✓

- With exports of \$622 billion, the U.S. is the world's largest exporting nation. Exports increased by 40% during my Administration.

✓

- We produce 25% of the world's total output with 5% of the world's population.

✓

- Manufacturing is now accounting for 22.6% of U.S. GDP -- a higher percentage than a decade ago.

- The productivity of American workers is approximately 26% above those in Germany and 30% above those in Japan.

I do not mean to suggest either that all is well, or that we do not need to lead and manage the changes taking place in the world and at home more actively. We do.

SPACE RETURN
Nevertheless, it is important to recognize honestly what we have accomplished over the past 12 years, so we can build on our strengths. During our long expansion, we increased U.S. GDP by \$1.1 trillion -- a figure greater than the total size of the German economy. So I know our goal of a \$10 trillion economy is attainable.

→ [We're also in a strong position internationally. But we're going to need the national adaptability and capability to keep leading our competitors. And we must have the courage of our convictions to say "no" to the wrong sort of changes for the future -- false promises based on false premises -- changes we cannot afford at this key moment in the world economic competition.

IV. Guiding Principles:

Before outlining the specifics of my agenda, I will set out four guiding principles. An effective strategy

must be dynamic. As new problems or opportunities present themselves, we will need to make adjustments. Guiding principles will ensure we follow a consistent path and help shape our policies into the future.

First, start with the basics: I believe America is composed of individuals, not special interests. Individuals gain primary strength, protection and inspiration from their families and communities, not the legal system or Government social services. People find their friends and their enjoyment in voluntary association with one another, not in some bureaucrat's paint-by-numbers dream.

The individual, families, communities. That's where we start.

Second, we have to keep to the fundamentals of sound economic growth: lower tax rates, limits on Government spending, greater competition, less economic regulation, sound money, and more open trade that can free tremendous private initiative and growth.

Experience has shown that these are the steps we need to take to create jobs, raise wages, spur entrepreneurs, expand capital and investment, and build businesses.

Third, in the '90s Government can build on these fundamentals by offering opportunity and hope for

individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs. And we've seen that these ~~are~~ approaches ~~that~~ work.

We prefer a hand-up to a hand out. We want to empower people to make their own choices, to break away from dependency. We want to give individuals and families economic security by giving them the capital, the capabilities, and the confidence to decide for themselves. We want everyone to have a stake in society, to own property, so everyone will build something with it for themselves and our country. Whereas my opponent's approach may place a premium on redistribution and "leveling," our programs will unleash initiative, reward success, and encourage excellence. Our approach is to give people the power to work, save, and be their best.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. America must have appropriate new approaches for the changes at home -- just as we've launched new policies to lead and manage change abroad. We must concentrate on the interrelationship between domestic and foreign policy and between economic and security policy. At the same time, we must execute our agenda more effectively with a new Congress, state and local governments, and the private sector. Our aim must

be to press our policies together, as a package, to make America secure and strong.

Therefore, my Agenda for American Renewal necessitates action on six interconnected fronts. Because we face complex problems, no one solution will suffice. The whole of these elements will be a solution greater than the sum of its parts:

- A Strategic Global Economic and Trade Policy
- Preparing our Children for the 21st Century Economy
- Sharpening Business' Competitive Edge:
Encouraging Entrepreneurial Capitalism
- Economic Security for Working People
- Leaving No One Behind: Economic Opportunity
for Every American
- Keeping Government Slim

This is how America will create a \$10 trillion economy.

V. A Strategic Global Economic and Trade Policy:

During the Cold War, we built a global security structure to contain and counter the Soviet Union and communist aggression. We forged military alliances across the Atlantic and Pacific that underpinned that structure. In the post-Cold War era, we need a strategic global economic and trade policy that will ensure our position as an economic and export superpower as well.

We are well positioned to achieve this goal. We enjoy the largest fully integrated market in the world; this gives us leverage with other countries that want access to our markets. Once the Congress enacts NAFTA, our position will be further strengthened. NAFTA will open an important market, a Mexican economy whose growth prospects will quickly transform its expanding industries and consumers into excellent American customers. Equally important, the integration of United States, Mexican, and Canadian capabilities will improve our global competitiveness by enabling American firms to purchase inputs at lower costs. This will help U.S. firms to stay in the forefront of high wage, high value added production.

Our geopolitical position is also advantageous. The United States is both a Pacific and a European power; our

- Don Lambro, Wash Times
- also WSJ editorial
→ American Enterprise Report, May 1992
→ 47% of Public School Teachers send

24

Child immunizations are also vital to safeguard kids' health. Every year since 1981-82, 95% or more of the children entering elementary school have been immunized against the vaccine-preventable diseases. Now we are focusing greater attention on preschool children. My 1993 budget calls for an 18% increase in child immunization grants.

their
kids
to
Private
schools

I want the United States to offer opportunity and encourage excellence; we must be fully capable of competing in a global economy. Therefore, it is imperative that our educational system prepare and point the way for our children. As in the past, education should be the ladder that the child of modest means can climb to better him or herself.

Our current school system is falling short of these needs -- and the poor are hurt most. Only 19 out of 66 public high schools in Chicago graduate more than half their students, and many of these graduates can barely read or write.

Report by the
Institute for Justice
Clint Bolick, VP
457-4240

Our educational establishment is caught in a sort of time warp, a system created for another age when the needs were not the same, children grew up differently, and adults rarely changed jobs.

Money alone is not the answer -- the United States already spends more per pupil than any other country but

evaluates schools ^{NOT} on the basis of their performance, ~~not their bureaucracy.~~
 HOW MANY FORMS THEY COMPLETE, BUT OF HOW MANY MINDS THEY PREPARE -

Finally, we must ^{TAKE SCHOOL CHOICE} ~~give all parents the means and freedom to choose which schools will serve their children the best.~~ ^{OFF OF THE ADMINISTRATOR'S DESK AND PUT IT BACK ON THE KITCHEN TABLE.}
 ~~This component~~ ^{CHOICE} is critical to the success of the whole, integrated overhaul of our educational system. Competition, the underlying principle for this radical reform, will not work unless we give consumers the ability to choose.

Wealthy families already have this choice for their children. Many of the people that you saw at the Democratic National Convention have this choice for their children. Why shouldn't you [?] ~~have this choice for your children?~~

^X Chicago's ^X public school ^X teachers -- ^X ~~47%~~ ^{46%} ^X of ^X them -- send ^X their ^X kids to private schools. But my opponent and his special interest supporters don't think you should have the same choice unless you are privileged enough to afford it.

One of the greatest educational innovations in this country was the passage of the GI Bill after World War II. No one told my generation that a vet couldn't go to Notre Dame or Brigham Young or Baylor or Howard or Yeshiva.

So I want a "GI Bill for Children" to help give lower and middle income families the means to select any

Dennis Doyle
American
Enterprise
Institute

scarce, available only to those at the top, who need it

least of all. That's not what I want. Without capital,

WAY: "SUBTRACT CAPITAL FROM CAPITALISM -- AND ALL THAT'S
 as Jesse Jackson pointed out, capitalism is just an
 LEFT IS THE

ism." If capital ^{was (?)} were abundant, labor would become

scarcer. And the unemployment lines would shrink.

That's what I want.

So I want to cut the capital gains tax and index it for inflation. I want to create enterprise zones in inner city and rural areas. I want to make the R&D tax credit permanent. I want to provide an additional first-year depreciation allowance for purchases of property.

Those are fundamentals. In addition, there are three other ways we need to sharpen the competitive edge of American business:

- o strengthen small business;
- o support civilian R&D linked to a research extension network; and
- o reform our costly legal system.

A. Strengthen Small Business

Small business is the backbone of a growing economy. Small businesses employ more than half the American workforce; they account for 39% of our GNP. Small business creates two thirds of our new jobs.

I am seeking to aid small businesses by reducing costly tax and regulatory burdens, increasing access to credit, and removing barriers to competition.

I have taken steps designed specifically to ease the tax burden on small businesses. For example, the IRS has proposed regulations to allow small businesses to deposit payroll taxes on a monthly basis. And it has released a ruling allowing over 16 million sole proprietors to deduct tax preparation fees as a business expense rather than as a limited itemized deduction.

I want to build on these actions. For example, we are working on a Single Wage Reporting System that would permit businesses to report state and federal wage information through a single entity, thereby consolidating tax reporting requirements and reducing the burden.

In coming weeks I will talk more about ways we can encourage small businesspeople and the jobs they create. (AWK)

On the regulatory front, I have extended for one year the freeze on paperwork and unnecessary federal regulation that I imposed last winter; the federal regulatory weight hits small businesses particularly hard. I have also instructed federal agencies to look for ways to modify existing regulations that impose a special 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 requirement for small companies issuing stock.

Since small businesses are particularly vulnerable when credit is tight, we have to help them as our financial system is restructuring. That's why we have authorized over \$6 billion in general business loan guarantees through SBA in 1992 -- an increase of more than 50% above 1991.

SBA's New England Lending and Recovery Project is a pilot effort that extends credit to viable small firms when access is limited because banks are having difficulty. If it works well and is needed, I'll expand the project to other regions. We also have worked with bank regulators to base real estate values on income earning potential rather than liquidation value. We have taken steps to restructure the small business investment program, the only venture capital program in the government. And we are developing ways to offer special financing to exporting entrepreneurs.

Through its procurement assistance program, SBA helped small businesses secure federal contracts worth over \$35 billion in FY 90 -- almost 20% of all prime contracts let during that year.

To ensure that small businesses can help their communities overcome disasters, we will be providing

see p 30

see p 30
 approximately \$_____ million in low-interest loans to small businesses in Florida, Louisiana, California, and elsewhere.

Finally, we need to help small business by removing burdens to competition. My health care reforms would reduce costs for small businesses without costly government mandates or higher taxes. Enactment of my legislation to establish uniform federal law on product liability would relieve a major competitive handicap that is keeping new products from the market, ^{oo}boasting insurance costs sky high, and killing jobs.

B. Support Civilian R&D

To be the world's economic leader tomorrow, we clearly have to invest in R&D and new technologies today. Given the pace of change, we have to both come up with new inventions and organize ourselves to deploy new technology without delay.

The changes in industrial organization that I described earlier have three major implications for technology development. First, the more rapid product development cycle places a premium on bringing an idea quickly from the lab to the marketplace. ^{SPACE}Second, we need to put new technologies to work in all applications in order to reap the full competitive and economic benefits from our R&D. While Americans invented ^{VCR-technology AND} the FAX machine, we did not benefit from its explosive popularity. Third,

we need to rely increasingly on flexible, agile manufacturing, rather than old style mass production. We should have the capability to make a variety of products quickly and economically -- a process characterized by short product cycles, but also high quality output.

Taken together, these developments emphasize decentralization -- an approach exactly opposite to my opponent's "national industrial policies" led by government bureaucrats. We need to get technology development, production, and marketing closer to the consumer, not further away. Moreover, my opponent's call for a cut in support for university-based research will hurt the development of cutting edge technology.

My agenda will increase funding for basic research and complement that work with a focus on applied research and development. Despite cuts by Congress, we have managed to increase funding for basic research by ^{* 26} 25 percent since 1989 -- to a record level. We are supporting applied R&D through a series of new, high pay-off investments in critical technologies:

TOM SCULLY-OMB

- o a High Performance Computing and Communications initiative that will ^{ENABLE} assist the development of a thousand-fold increase in computing

*	13 405 000 000	(1993 PROPOSED)	[TABLE 6-10; PART ONE-119/FY 93 BUDGET]
-	10 615 000 000	(1989 ACTUAL)	[TABLE 6-10; PART ONE-119/FY 93 BUDGET]
	2 790 000 000		
		/ 10 615 000 000	
		= 26%	

capability and a one hundred-fold increase in communications speed by 1996.

- o an initiative to improve the manufacturing and performance of materials -- improvements that will enable advances in a wide range of other technologies.
- o an expanded program in biotechnology research with applications in health, agriculture, and environmental protection.
- o the establishment of the U.S. Advanced Battery consortium, a jointly-funded four-year effort to develop an advanced battery for an emissions-free electric car.
- o a significant increase in our aeronautics research budget, underscoring the importance we place on the U.S. aeronautics industry in an increasingly competitive global market place.
- o the establishment of SEVEN regional manufacturing technology centers for the distribution of modern manufacturing

tools, such as computer-aided design, numerically-controlled machines, and robotics.

These efforts to develop and apply new technologies need to be complemented by the identification and removal of barriers to the private sector's ability to bring new products and services to the market. That's why my regulatory reform efforts -- including a process that subjects regulations to a competitiveness analysis while still protecting health and safety and a proposal to sunset regulations -- are critical to supporting our enhanced technology development.

Just take one example: my opponent has proposed a major new federal government investment in the field of national telecommunications networks at the exact time that the private sector is seeking to develop such a network on its own, but has been stopped from doing so by federal regulations. (Get the facts.)

C. Reform Our Legal System

Our competitive edge will be dulled if businesses are continually handicapped by a legal system that serves lawyers but frightens people. Therefore, another component of my agenda is a reform of the American civil justice system.

America has experienced a civil litigation explosion. Over the past 30 years, federal lawsuits have

ALMOST

See
p 33

tripled. Instead of being fast, fair, and affordable, our civil justice system is slow, expensive, and putting us at a global disadvantage.

Long delays in dispute resolution waste valuable judicial resources, force early settlement by those who cannot afford to wait, discourage those who have meritorious suits, and encourage frivolous suits by those who hope to leverage unjust settlements. High punitive damage awards are passed on to consumers through higher prices, job cuts, higher insurance, and fewer new products.

According to a soon-to-be released study by the *National Association of Manufacturers, Americans spend ^[Consumers and Companies] ~~up to~~ \$200 billion a year just on direct costs to lawyers.

That does not even count lawyers on payrolls or the money spent on court settlements.

Our legal system is killing our international competitiveness. Other nations do not face high domestic litigation costs. Foreign companies only need ^{6%} ~~2-5%~~ of the product liability insurance our firms must carry because we do not have uniform state standards for product liability and punitive damages.

The litigation explosion affects everyone. High liability costs have closed playgrounds and pools, forcing kids on the street with nothing to do. Companies are afraid to offer products that are available ^{at home} ~~in Europe~~ ^{overseas}.

Jing Jaznowski
? from Zoelwala

* NATIONAL ASSOCIATION OF MANUFACTURERS
STUDY TITLED: THE COST OF LITIGATION: A NEW PERSPECTIVE
RELEASE DATE: TBA, MAYBE AROUND 2/21/12
QUENTIN PEOPLE - AN ANTIHOLE OF THE STUDY

WOW
How much

EMBEK

*BECAUSE THEY
FEAR IT
LAYS*

-- like a carseat for children built right in the car or a medical treatment for AIDS -- because they fear the liability.

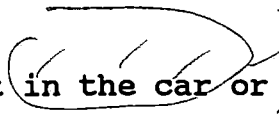
My product liability reform legislation takes the trial lawyers head on. I want to stop wide variation among states' product liability rules; stop important products from being kept off the market; stop excessive litigation costs with more money going to lawyers than to injured consumers; cut excessive insurance rates; and end excessive consumer costs.

My "Access to Justice Act of 1992" is intended to restore fairness and efficiency to the nation's civil justice system through: alternatives to federal civil trials such as alternative dispute resolution; incentives for pre-litigation settlement, including precomplaint notification; and a "loser pays" rule requiring the loser to pay the winner's legal fees in suits involving federal diversity jurisdiction.

We also need to continue our work with the states to encourage fundamental change at the state and local level.

Lawyers, especially trial lawyers, are a powerful vested interest in our society. They are well represented in Congress and high on the lists of political contributors. My opponent knows them very well. But this is a problem too important to leave to

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John Howard, if thought would get POTUS in trouble.

Volvo
Yes
-- But Chrysler
Minivan
already
makes 4th
seat,
lawyer
pulled
for
today's
speech

the lawyers and their friends in high places. We must sue each other less and care for each other more.

VIII. Economic Security for Working People

The American business of the 21st Century will need workers who will bring them to life and keep them ahead of our competition. To be able to contribute and concentrate, working men and women will want to know that they can enjoy economic opportunity and security .

We can only achieve true security by developing people's capability, not dependency. And we can best supply security through the private sector, not government bureaucracies.

It will be government's role to expedite workers' adjustments in a fast-changing marketplace, provide people the means to work and take care of their families, and arm people to face the future by empowering them to make their own choices. In particular, we can enable families to focus on building a future by alleviating their fears about one of the single biggest costs and problems that can knock them back: health care. And we can help foster retirement security through encouraging portable pension savings.

A. Job Training

Given the rapidity of change in the international and domestic marketplace, we have to prepare people for the prospect of changing jobs and learning new skills many times throughout the course of a productive life. Therefore, we need a range of job training and placement services -- for young people, factory workers, white collar employees, and particularly during this period, defense industry workers.

That's why one important portion of my recently-announced workforce adjustment initiative is designed to shift the government away from the old narrowly defined, expensive, and less effective trade adjustment assistance that paid people off without giving them real help to get back the work.

Work means more than income to Americans. It is also fundamental to people's self-esteem, their self-confidence. These are attitudes, values, that I want to encourage. I want all Americans to be builders -- for their families, their communities, their country. To encourage the work ethic, we need to make every effort to match people with the jobs created by our entrepreneurial capitalism.

The three key features of my job training proposal are: (1) universal coverage, so all dislocated workers will have access to basic transition assistance and

training support; (2) skill grant vouchers of up to \$3000 to help meet the costs of adding new skills and training; and (3) a tripling of the resources currently devoted to training and worker adjustment, an allocation of \$10 billion over five years.

This proposal builds on my January plan to streamline the federal job training system through "one-stop shopping" in every community. Experience has demonstrated that the most effective training and placement services are those closely developed with local employers through private industry councils. That way the training is designed to develop skills that employers know they will need.

My expanded job training efforts will also be specially designed to help those who may need to change jobs or careers as a result of NAFTA or other trade agreements and the downsizing of our defense-related industries. But we will ensure that we offer training and placement to all workers: those who have lost their jobs, have been notified that their jobs are being terminated, or have been employed in industries experiencing significant changes and workforce adjustments and who fear job loss in the future.

These dislocated workers would be eligible to receive three types of assistance: (1) transition-assistance that includes skills assessment, counseling,

job-search assistance, and job referral; (2) training assistance in the form of skill grants; and (3) transition income support where necessary for workers completing retraining.

I've also proposed a specially-targeted Youth Skills Initiative.

A new Youth Training Corps will provide economically and socially disadvantaged young people with intensive vocational training through 55 residential YTC centers nationwide; these centers will be located primarily in rural areas and will seek to utilize converted defense facilities. The YTC will draw from the military's high level of leadership and training expertise by giving a hiring preference to individuals leaving our armed forces.

I will also complement the YTC with a "Treat and Train" program to strengthen existing youth drug training programs.

To help meet the needs of young people not planning to go on to college, I will expand the National Youth Apprenticeship Program that I began in January. This program offers high school juniors and seniors a combination of classroom instruction and a structured, paid, work-experience program. I want student apprentices to receive both a high school

diploma and a widely recognized certificate of skill competency. Students will also have the opportunity to continue training at the post-secondary level.

I started my Apprenticeship Program as a demonstration program in 6 states; in my second term, I will expand it to all 50.

Finally, I will more than double the size of the present JROTC program, a very successful and popular partnership between the military and schools. JROTC emphasizes self-discipline, values, citizenship, personal responsibility, and staying in school -- it's a first class alternative to drugs and gangs. My goal is to establish 2,900 JROTC units by 1994. Initially, we will expand this program in inner-city high schools, but I want to make JROTC available to every high school across the country that requests it. This program is another way in which we can relate the successful experience of America's veterans to the next generation.

B. Affordable Health Care for All Americans

The economic security of men and women requires a major reform of the U.S. health care system. The present system provides high quality, high-tech medicine, but at an unacceptable price: spending has increased at a rate two to three times the rest of the

economy; thirty-four million Americans have no health insurance; and millions more are afraid to change jobs for fear of losing their health insurance.

My program will build on the strengths of the system -- consumer choice, innovation, and state of the art medicine -- while controlling costs and expanding access.

I want to guarantee access to health insurance for all poor families through tax credits {or vouchers for those who don't pay taxes} sufficient to pay for a basic health insurance plan (\$3,750 for a family). Other low and middle income families would get tax relief to partially offset the cost of their health insurance. In total, some 95 million Americans will benefit.

My program also includes:

- o provisions that encourage small businesses to develop less costly health care insurance networks for their employees by combining resources to achieve broader risk sharing, economies of scale, and purchasing power;
- o "job lock" protection for employees and their families so that they will not lose coverage if and when a person changes jobs;

- o guaranteed insurability so that people with "pre-existing" illnesses cannot be denied a job or health coverage on the job;
- o 100% tax deductibility of health care premiums paid by the self-employed, as compared to the present 25% deductibility;
- o malpractice reforms that will reduce the number of unnecessary procedures performed on patients and thereby reduce the cost of medical care; and
- o reforms to encourage widespread use of electronic billing to save an estimated \$2 billion a year in paper costs. 10.75

Taken together, my program would cut health care costs by \$394 billion over five years through preventive care, reducing defensive medicine, malpractice reform, encouraging enrollment in cost-effective health plans, arming consumers with information about cost and quality, and eliminating administrative waste and unnecessary paperwork.

I believe we can provide access to affordable health care for all Americans, while preserving choice for patients and their families in selecting doctors,

hospitals, health care programs, and employment. My approach, in contrast with my opponent's, relies on the private sector to deliver health care services. But I would make the market work for us by enhancing competition, which will cut costs. My malpractice reforms would cut costs further by removing the fear of lawsuits that leads to wasteful procedures.

I firmly believe that a move to national health insurance, as some of my opponents want, would be a major, irretrievable mistake. That course would turn over the health care sector -- a full 13% of our economy -- to the government. The result would be more bureaucracy, rationed care, inefficiency, and, in the end, even higher costs.

My opponent's "pay or play" approach winds up in the same place as nationalized, bureaucratic health insurance -- but through a different route. And it is likely to kill a lot of jobs along the way. Increasing the costs of labor -- the "play" in his approach -- will lead businesses to hire fewer workers. Offering the alternative of government-sponsored health care paid for with new taxes on payrolls -- the "pay" -- will dump the problem in the laps of government bureaucracy with the costs paid for by businesses and workers.

C. Pension Portability

I have also been concerned about the ability of workers to preserve their retirement pensions as they change jobs. This is a growing need because of the increased likelihood that most workers will have more than one employer over the course of their working years.

I proposed an initiative last year to increase pension portability, expand pension coverage, and simplify the law governing pension plans. And I am pleased that I was able to sign a law this summer that incorporated my portability proposal. The new law enhances retirement security by permitting workers to transfer accrued pension benefits directly to an IRA or to their new employer's pension plan.

Despite this improvement, I believe we must continue to look for ways to make it easier for workers who change jobs to take pensions with them. We need to eliminate incentives to "cash out" benefits and increase incentives to save for the future.

Job training, affordable health care, retirement security. When combined with a new system of education and entrepreneurial, competitive business, we can offer working men and women real economic security in the 21st Century.

Ann Combs, Dep. Asst.
Sec. for Pension
and Welfare Bens.
DOL
244-5126 (h)

→ Portability was the
only one signed.
Expansion and
simplification are
still pending.

IX. Leaving No One Behind: Economic Opportunity for Every American

For over 200 years, the most exceptional aspect of American society has been the belief, the hope, that this is a land where people can make a better life for themselves and their children. It's this spirit, the commitment to the American Dream, that has made our country and our society the most dynamic in the world. If we are going to use that energy to drive us forward into the 21st Century, we will need to tap the aspirations of each and every one of our citizens. No one should be left behind for want of opportunity.

Many of the programs that I have discussed above -- health care for all Americans, child care, job training, pension portability, a new competitive school system based on community involvement and choice for all American families -- support my plan to empower all Americans to make their own choices and better their lives. But I believe we need to do more for certain citizens who have fallen too far behind.

My philosophy for enabling all Americans to have a piece of the American Dream is simple: it's based on property and work. Our urban and welfare programs must be designed to enable people to break the cycle of poverty, get back on their feet, get back to work, and

take responsibility for their own choices and their own lives.

My ideas are in direct conflict with the logic of "welfare rights" that emphasizes entitlements. Nor do I favor "income maintenance" strategies that assume the problem of poverty is simply a lack of income that can be made up by government.

Our goal should be to help people develop the human and financial capital that enables them to become self-sufficient. We have made a start down this path with our implementation of the welfare-to-work logic of the Family Support Act of 1988. We have been encouraging flexible and innovative implementation through waivers that enable states to develop new programs to enhance parental and family responsibility and to insist on education and job training for those on welfare.

In our inner cities, we need to restore hope by clearing away the handicap of crime, building a core of property owners, creating business incentives, restoring infrastructure, and focusing our programs on work and discipline.

Enterprise zones can create solid economic foundations in distressed communities. Our "Weed and Seed" effort can help reclaim and revitalize impoverished and embattled communities by eliminating the fear of drugs and violence, targeting coordinated human services


programs, and improving the housing stock and infrastructure.

We also need to extend opportunity by enabling lower income families to build assets -- for example, by allowing aid recipients to accumulate higher savings without losing their eligibility.

And we need to expand homeowner opportunities to lower and middle income families. For example, HOPE grants enable more inner-city people to own their own homes. Our \$5,000 tax credit for first-time home buyers would help; so would permitting voucher recipients to apply their rental subsidies toward the purchase of a home.

We can enhance the choice, quality, and availability of housing through affordable rent subsidies in the form of housing vouchers, and through our "Perestroika in Public Housing" program that widens opportunities for public housing tenants to change the management of troubled projects.

This property and work-based approach need not be more expensive than the traditional welfare bureaucracy. For example, over the past 12 years, federal spending for low income assistance doubled even after inflation -- from \$9.1 billion in 1980 to \$18.3 billion this year (both in 1992 dollars). This year, HUD is providing housing assistance to 4.6 million low-income families,



up from 3.1 million in 1980. I have pressed to switch some of this funding to vouchers because they are more cost effective than constructing new public housing units. Furthermore, families wouldn't have to wait five years for the units to be built, and the vouchers give families more choice.

For too long, the barons of Congress have refused to discard failed programs that perpetuate welfare dependency. Originally, many of these programs were well intentioned, and I respect those who tried them. But now we know better. Give us a chance to try a different approach that will empower people to help themselves, to build some capital for their families, to make choices that develop self-respect and discipline. That's the real way to offer economic opportunity for every American, to leave no one behind.

X. Keeping Government Slim

My blueprint envisages an important government role to make a secure and strong America. But it is also important that government not siphon off more private resources than is absolutely necessary to perform the functions that will help us win the economic competition. Because an overweight government -- one that serves the special interests instead of America's interest -- will handicap our country in the race of a new era.

A number of the items on my agenda can be accomplished by redirecting current funding away from bureaucracies and towards people. My agenda empowers people with the means to work, own property, build capital, raise families, and be effective contributors within our private market economy. Some of my ideas -- for example, legal and health care reforms -- should help us save money.

Contrary to the assertions of some politicians and special interest groups, spending as a percentage of the nation's GDP has been going up, not down. In 1991, the Federal government spent 23.5% of what our nation produced. That compares with 17.6% in 1965, 19.9% in 1970, 22.0% in 1975, and 22.3% in 1980. So not only has government grown as the economy has grown, but government is taking a bigger share. The American people are not taxed too little. The American government spends too much.

In my acceptance speech I noted some of the efforts I will make to hold down spending. I have proposed capping growth on mandatory spending, other than social security. That would still permit spending at present levels plus an adjustment for inflation and population growth. Yet this cap would save \$294 billion over five years. ✓

To start to implement this cap, I have proposed ^{over} almost \$72 billion in specific spending cuts for "mandatory" programs (FY93-97). If you add these proposed cuts to others I have previously called for but which Congress has not yet enacted, my specific cuts would total about \$132 billion over five years. I have also proposed the outright elimination of 246 specific discretionary programs.

By way of comparison, my opponent has specifically proposed less than \$5 billion in cuts in mandatory programs. And he has specifically proposed to eliminate only one program -- the honeybee subsidy program, which Senator Gore voted to retain. ^{4 times}

Furthermore, I proposed freezing all other spending, and I will enforce this freeze by vetoing any bill Congress sends me that spends more than I asked for in my budget.

I've asked Congress for the line item veto, a disciplinary tool utilized effectively by the governors of 43 states. This veto authority is important not only to help cut spending, but to increase my leverage with a Congress that seeks to tax more and spend more.

Government should be subject to the discipline of a balanced budget amendment. State governments operate that way. Businesses operate that way. Families operate that way. And given the breakdown of Congressional

discipline, we need an amendment to ensure that the Federal government operates that way. If we had such an amendment earlier, we wouldn't be paying almost \$200 billion dollars a year on interest for the debt left us by earlier Congresses.

I also believe taxpayers should have the right to direct 10% of their tax payments to reduce debt and spending through a "check-off" on their tax forms. If all taxpayers took the full 10%, the cut would be about \$50 billion. That's only 3% of the Federal budget of about \$1.5 trillion. Since federal spending has been growing at a rate of about 8% per year, even this proposed cut would still enable spending to grow; it would just grow more slowly.

Some editorialists slight my checkoff proposal, but the American people seem to like it, and I think I know why. The checkoff proposal traces its roots to a venerable tradition in American history. At the turn of this century, many people were concerned that the government establishment was slipping away from the people it is supposed to serve. This movement led to a number of innovations such as referenda, the right of recall, and the direct election of senators. The idea of term limits for Senators and Congressmen, which I fully support, is another of this type of reform. At the time each was proposed, the conventional thinkers mocked

the changes. The same is true today. Given the breakdown in spending discipline in Congress, it's time that we insist on compensating reforms that give the people a bigger say in the direction of Federal government spending. I say it's time to give the people the power to cut the deficit.

The size and structure of the Government also needs to be slimmed down and changed. Its organization of the Federal Government reflects ways of doing business that are now 30 to 50 years old. Companies all across America have been restructuring, cutting costs, becoming more efficient -- preparing to be more competitive in a fast-changing marketplace. I believe the Federal Government can and should do the same thing. I'll be talking more about this later, but I believe a streamlining of the Federal Government should include three elements:

First, I will cut the operating budget of the Executive Office of the President by 33% if Congress agrees to subject its operations to a cut of the same size. With fewer Congressional staffers badgering the Executive Branch, I know we can cut costs by that amount. Second, I believe all federal employees earning above \$55,000 a year should be subject to a 5% pay cut; other Americans have tightened their belts, and so should the better-paid federal workers. Finally, I believe we can restructure and reduce the size of the Executive Branch

through a consolidation of agencies and bureaus that will enable us to do our job better. Why should the Federal Government be the only large organization in America that continually adds size and offices, and never gets rid of anything? Therefore, I will submit a streamlined reorganization plan for the Executive Branch to the new Congress -- and I hope they take the hint, too.

check

Let me give you an example. In many respects, the Arms Control and Disarmament Agency, or ACDA, is a creature of the Cold War. It needs to adapt to the times. Its highly trained scientists and engineers are a valuable resource. Some of them can support our efforts to stem and reverse the proliferation of weapons of mass destruction. But others may be well suited to work at defense conversion -- transforming the genius of modern day swords into 21st Century plowshares.

Multiply this idea by a hundred, or even a thousand, others. We can get rid of some tasks, conduct others more efficiently, and add new ones where appropriate to support my agenda.

I also am committed to reducing the tax burden on the American people. I have said that I will propose to further reduce taxes across-the-board, provided we pay for those cuts with specific spending reductions that I consider appropriate, so that we do not increase the deficit.

To give you a an illustrative sense of the kinds of tax cuts we could achieve if we discipline spending, just consider what we could do if Congress acted on the \$130 billion in specific spending reductions that I have already proposed. These savings alone could finance an across-the-board rate cut of 1 percent, a reduction of the small business tax rate from 15% to 10%, an increase in small business expensing of investment in equipment, and a reduction of the capital gains tax. *→ Paul Danner*

In sum, my direction is clear -- I want to spend less and tax less. My opponent wants to spend more and tax more.

I believe the Federal Government can reallocate its almost \$1.5 trillion in spending more effectively if we implement my agenda. The reductions in defense spending that we have already begun will provide some of these funds, and I don't want them wasted in a torrent of new spending programs designed by a horde of special interests.

I honestly believe that this is the only way to get the size and spending of government under control. I know that serious-minded people believe we need to increase revenues to close the deficit. But it won't work. I have seen too many times that efforts to close the deficit by increasing taxes have only turned out to give Congress a license to spend more money. There's a

reason for this. Spending is power for Congressmen. That's how they show influence, placate interest groups. That's how they get elected. If you give them more tax money, they will spend it.

XI. A Strategy for Implementation

This year is an important turning point for the United States. We are entering a new era, and for the first time in many years, it appears that Congress will have 150 new faces for the President to work with. That's why I'm asking for a mandate for my program. That's why I have promised that I will meet with all new members -- all 150 or more -- before they are besieged by the special interests and permanent staffs.

see p 28

I also believe we need to take another step to ensure that the new Congress does not become like the old one. The root of the present problem is political contributions from organized special interests through political action committees, or PACS. Ten years ago, PACs raised and contributed \$___ million to political candidates. This year the number will be closer to \$___ million. The other party doesn't want to do anything about it, because they are the biggest recipients. I want to put them to the test. I want a new Congress to stay clean. So an important part of my new legislative

agenda will be a simple bill that bars all contributions by PACS.

I am committed to make my program work with Congress. Between the election and the convening of a new Congress, I will lay out an implementation plan for my agenda. I intend to be ready to present the new Congress a first-year plan to carry out the legislative proposals described in this agenda:

- o A tax cut package, including a cut in the capital gains tax, to spur entrepreneurial capitalism and small business
- o My health care reforms
- o My job training programs
- o A radical overhaul of American education to emphasize excellence, standards, competition, entrepreneurial schools and a "G.I. Bill for Kids" that will give parents a choice of schools.
- o NAFTA
- o A package to cut spending, including a Balanced Budget Amendment
- o More general tax cuts paid for through new spending and growth

- o A government reorganization plan to streamline the structure, ensure functions to fit new needs, and cut salaries at higher levels
- o Reform of our legal system
- o A package to clear away crime, build business, and put people to work in our inner cities
- o An expansion of Civilian R&D linked to new applications
- o New trade negotiating authority
- o Ban on PAC contributions

Now I know I may not be able to get everything I want in the exact way I want it. But your support for a mandate to get it done would give me momentum. And then I intend to fight for this agenda, fight as hard as I can to get as much as I can, and come back again to get more.

If Congress hesitates on some fronts, I intend to keep moving forward. You have seen that we can implement back-to-work welfare reform by granting waivers that enable the states to do the job more effectively. Similarly, 44 states and more than 1700 communities have started to implement my educational reforms while Congress has stalled. We can get a great deal done at the state and local levels.

I will work with governors, state legislatures, local governments, and the private sector to pursue my agenda. While I want a Congress that can help me do the job, I'm committed to getting the job done one way or the other.

This is my Agenda for American Renewal. With the end of the long Cold War, we can direct more energy and resources to target problems at home. The American people want that. The American people deserve that.

At the same time, Americans recognize that the great events of recent years have shook the world, and it will never be the same. If we are to succeed as a nation and as a people, if we are to hold true to all that has made America the last, best hope on earth, then our renewal at home must at the same time enable us make the 21st Century another American Century.

My Agenda draws together our people and our government to take on this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

My approach to this challenge is fundamentally different from my opponent's. I want to stimulate entrepreneurial capitalism. I want to help people by enabling them to make their own choices about health,

education, job training, and child care from a variety of competing alternatives. I want to supply services through the private sector. I believe people should sue each other less and care for each other more. I want Government to spend less and tax less. I will fight without hesitation for a free and fair flow of trade, capital, and ideas around the world. I believe America should compete, not retreat.

I know times have been tough for too many Americans. I have sought to explain the causes of these problems and what I will do about them. Of course, you will have change. The question is what type of change. You face a serious choice. And I ask, when you step into that voting booth, please consider carefully which candidate's agenda for change fits best with your beliefs, America's experience, and lasting peace and prosperity.

APPENDIX A: Some Facts About the American Economy

✓ The average unemployment rate during my term has remained below the average of the Carter years and puts us well ahead of G-7 partners like Canada, Britain, and France -- where unemployment rates are 10% or higher.

✓ ○ Average family income reached \$42,652 in 1990, \$15,000 more than before the expansion began.

○ A recent ^{is it the 80's exp} study by the Urban Institute concluded: "When one follows individuals rather than statistical groups defined by income, one finds that, on average, the rich got a little richer and the poor got much richer....This pattern, however, may be surprising to the general public which has been led to believe that the poor were literally getting poorer over the last decade or two, and that the incomes of the rich were skyrocketing. ^{THIS} That is simply not true."

see p. 7
○ More than half the people making up the lowest fifth of the income distribution in the late 1970s, moved up the income ladder and out of that category over the next ten years.

Moreover, the middle class shrank because more of them moved above the \$50,000 threshold and into the high income groups -- they weren't moving down.

probably based on same method as of prev. yrs

Real per capita income rose 15.7% during the '80s. {Consider a substitute statistic}

→ BOSKIN? wage data, compensation, hourly earnings vs.

All major demographic groups shared in the economic growth. Between 1982 and 1991, employment of Blacks was up 29% and Hispanics 52%. The employment-to-population ratio for Black Americans during my tenure has averaged a record 55.7%, up 52.8% during the Carter years.

total compensation per capita vs. family (family tends to do better)

Some income/compensation wage statistic to

Since 1980: life expectancy has increased from 73.7 to 75.3 years; the infant mortality rate has dropped from 12 to 10.1 for 1,000 live births; deaths from heart diseases have dropped from 202 to 166 per hundred thousand people, an 18% decline; deaths from strokes and related diseases have dropped from 40.8 to 29.7 per hundred thousand people, a 27% decline.

ergonomics worse all hypertension

Drop in appendix, still want 17.9% INCREASE IN GDP PER CAPITA 1980-89

See p 8

See p 9

- o Our 1993 Budget request for Childrens' Programs reflects an increase of 66% since 1989; we recommended funding of \$100 billion for programs assisting children in _____.

- o From 1980 to 1991, Federal support for Education increased 59%, to \$54.6 billion. The total volume of guaranteed student loans grew from \$4.6 billion in 1980 to \$11.5 billion in 1991 -- an increase of almost 150%. One of every two students at 4-year public institutions gets a federal student loan or grant.

Nat'l Post-secondary
 Student Aid Study DoEd
 Bill Moran 708-8391
 actual % is 43%
 He says 1 in 2 is okay.

HRLF
 Bill Moran
 708-8391

If we cut "4-yr. pub. inst."
 % becomes 52%.

- o During the 1980s, expenditures per student in public elementary and secondary schools rose from \$2,502 to \$5,266, an increase of 110%. The United States is spending more per pupil than any other country except Switzerland.
- o Federal investments in biomedical research have almost tripled since 1980, reaching a level of \$9.4 billion in 1993.
- o Since 1989, we have increased AIDS research funding by 39%, to over \$1.2 billion dollars;

see p 9

p 9

o

AIDS prevention funding by 29% to \$621 million;, and AIDS treatment funding by 240% to \$2.5 billion.

- o Total public investment in infrastructure in the 1980s grew 2.2% annually, roughly equal to the growth of the 1960s and greater than the growth of the 1970s.

- o Since 1989, Federal spending for infrastructure has increased at a nominal average of ^{MORE THAN} 6% annually. And I signed into law a Surface Transportation Act that will support over one million jobs per year while strengthening our road, rail, and air transport systems.

- o Government investment in R&D is at a record level of \$76 billion.

Spending on Federal law enforcement has grown from \$4.8 billion in 1981 to an estimated \$15.8 billion in 1993. This has paralleled a dramatic 22% decrease in the national crime rate over the same period:

- Rape decreased 33%
- Robbery was down 24%

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SECTION 6
ENHANCING R&D AND EXPANDING
THE HUMAN FRONTIER

see P 10

- Assaults fell by 14%
- Theft was down 25%

o According to the National Institute on Drug Abuse, the current use of any illicit drug by Americans age 12 & over dropped 10.8 million, or roughly 45% between 1985 and 1991. Our National Drug Control Strategy helped cut overall drug use by 13% and adolescent use by 27%.

o The Federal budget for environmental programs more than doubled since we took office. And we have proposed a 22% increase -- an added \$3.4 billion -- for 1993.

o The U.S. currently spends more on pollution control than any other country in the world, devoting ^{OVER} at least \$115 billion annually, worth 2% of our GDP. That's why during the past two decades:

- Lead pollution is down 96%
- Carbon monoxide poisoning is down 41%
- Water pollution {suspended solids} is down 80%

-- Sulphur dioxide pollution
{contributes to acid rain} is down
25%

- o With the new Clean Air Act, which I promised in 1988 that we would achieve, we will cut acid rain emissions in half, reduce smog in our cities, and cut air toxic emissions by 75%.
- o By pressing for and achieving the Americans with Disabilities Act, another promise from 1988, we will bring almost 43 million disabled Americans into the economic mainstream.
- o All major categories of exports gained during my term. Exports of industrial supplies increased by 22%, capital goods by 45%, automotive by ³⁶-26%, and consumer goods by ⁷⁸98%.
- o U.S. export growth under my leadership has been roughly twice the rate of the other G-7 major industrial countries.

18-50

(3 TRILLION JD FOSTER 30 BILLION)

Chomsky '81 - NOW
2.8 TRILLION
INCREASE IN
GDP (5,898 NOW) IT

OVER THE NEXT 12 YEARS NEARLY DOUBLED

(no no accel of inflation) (IF WE CAN GET THERE BY THE YEAR 2000 AGAIN)

- in less than (Italians double it every 5 yrs cuz inflat 13% 36)

inflation 19.6 percent. year low. gives us the highest standard of living. unemployment rate of all major industrial nations. on to higher education - well above Germany's 32 percent. A country with 25 percent of the world's total output.

I could go on, but I do not mean to suggest that all is well -- that we do not need to lead and manage the changes transforming our economy. ~~Yet we must recognize what we have accomplished together -- this remarkable American engine we have built.~~ ^{But you can't cheat the stars if you think the sky is falling.} ~~Over the past 12 years, our GDP increased \$1.1 trillion.~~ ^{WE HAVE} ~~It's as if we created an economy the size of Germany's from scratch. Certainly our goal of a \$10 trillion economy is not beyond reach.~~ ^{has almost doubled the size of our economy. It's as if we created two extra economies} ~~REAR~~ ^(MOST 94% WERE)

^{will we meet our goals?} How ~~do we get there?~~ Before outlining the specifics of my agenda, allow me to set out four principles. I believe these principles are (enduring, and) deeply embedded in the American

↑
I wouldn't say they've always been enduring. (Eg., like the 4000) C'd we cut enduring here, but still have the rest of them.