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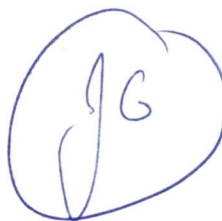
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EDITS



9/7/92
7pm

I. Introduction: The Challenge

part America stands at the edge of a century. Here is my bridge to the other shore. ~~This is my~~ ^{An} Agenda for American Renewal. ~~It~~ ^{ing} diagnoses the economic problems we face, sets ^{ing} forth the principles that ~~should~~ ^{FOR} guide our actions, and explains ^{ing} the ~~integrated~~ ^{our} efforts ~~I am~~ ^{already underway} 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.

^{STEP 4} It is important to ~~begin by~~ ^{TO} standing back for a moment, taking stock of where we are as a great nation in the broader sweep of history. ^{WE'VE BEEN AND WHERE WE'RE GOING. WE BEGIN IN THE MIDDLE,} BETWEEN THE HEARTBEATS OF HISTORY, IN ATTENDING TO THE MOMENT, WE MUST NOT FORSAKE THE HOUR.

The American people have just completed the greatest mission of all, the triumph of democratic capitalism over a frightening, rapacious, totalitarian ^{IMPERIALISTIC COMMUNISM} nuclear superpower. Mission accomplished. *nice, (cl shortened so you won't step on your set-up.)*

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 engaged in conflict tries

to look after its poor, its sick, ^{AND} its elderly, its less ^{OR WOULD LIKE TO} 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. WE ARE A NATION AT PEACE. ^{BUT BEING AT PEACE WITH OTHERS + BEING AT PEACE WITH OURSELVES} ~~AYCE DIFFERENT THINGS. THE ONE WE HAVE ACHIEVED. THE OTHER, WE CAN AND WILL~~

The American people recognize this ^{PROMISED LAND} historical watershed. They ^{DEMAND THE LOWER TAXES, THE LESS GOVERNMENT, THE FISCAL RESPONSIBILITY} want and deserve a peacetime system of taxation, a peacetime ^{OF A NATION AT PEACE} 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 we face an era of great opportunity, but that there are also great risks if we fail to ^{CHOOSE WISELY} make the right choices, if we fail to engage wisely.)

It is vital for ^{WE MUST NOW} our nation to demonstrate ^{OUR} its unique ability to transform anxiety into ^{OPPORTUNITY} regeneration. Only the ^{IN AMERICA DO WE HAVE} 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 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

GET STRAIGHT
YOUR "ME'S" &
YOUR "WE'S"

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 demand developing minds} To help prepare ^{OUR} 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 ^{SELF-CONFIDENCE} 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 ^{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 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. [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^s 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.

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.

Sometimes
you're tabbing
graphs,
sometimes
you're just
separating
them with
double space.
Need to
be consistent

TIME YOU OPEN THE BUSINESS PAGES

pyramids "

revolution

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 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 took on too much debt. ? *Hard in America?*

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

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 ^{in an environment} 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 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.~~ *is sowed for sale abroad.*

This international economic influence has three implications. *↑
bad connotations.*

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.

Two, it means that if America is going to be strong and growing in the 21st Century, we must be ready, and 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 *the captives 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.

They have to justify their candidacy by making
 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 61% in Japan and 39% in Germany.
- 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.

BUT YOU CAN'T CHART THE STARS IF YOU THINK THE SKY IS FALLING.
~~Nevertheless, it is important to recognize honestly~~
~~WE MUST KNOW OUR STRENGTHS BEFORE WE BUILD ON THEM.~~
~~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: ^{WE ARE A NATION OF SPECIAL} ~~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 ^{RECOGNIZE} 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

Stet

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

Therefore, my Agenda for American Renewal
^{MANDATES?} 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

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 the United States helped launch an organization for Asia-Pacific Economic Cooperation that will 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 around the globe, American values, American products, and the English language hold special attraction. These 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 entertainment industry is the United States' second largest export business.

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

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} ~~the United States~~ helped launch an organization for Asia-Pacific Economic Cooperation that will further strengthen our economic ties with that

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^{"THE BALL OF LIBERTY," THOMAS JEFFERSON ONCE WROTE "IS NOW SO WELL IN MOTION THAT IT WILL ROLL AROUND THE GLOBE," IF HE COULD ONLY SEE WHAT JUST} ~~The spirit of freedom in Eastern Europe, the~~ ^{ROLLED BACK INTO OUR FRONT YARD.}

^{FORMER SOVIET UNION, AND LATIN AMERICA -- ALSO OFFERS US} ~~a special opportunity.~~ ^{THE BALL IS NOW IN OUR COURT,} Free people and free markets

develop hand in hand. In these and other countries ^{PEOPLE VALUE} ~~around the globe, American values, American products, and~~ ^{PEOPLE WANT TO BUY WHAT WE HAVE TO SELL.} ~~the English language hold special attraction.~~ These

~~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 entertainment industry is the United States' second largest export business.~~

Finally, as the primary founder and the most significant proponent of the GATT global trading system, ^{AT A STRONG HAND AS LONG AS WE USE IT TO} ~~we continue to have special influence if we act in ways that will truly open markets, including our own. The key~~

^{OUR}
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} ~~be~~ excellent for American business, ^{is?} workers, and consumers. Nevertheless, I expect a ^{TOUGH} 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 Uruguay Round agreement.

An improved global trading system is, however, only a base for ^{FREE TRADE} ~~further trade liberalization~~, ^{FOR} stronger investment ties, and ^{FOR} ~~increasing~~ ^{ED} 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 ~~illogic and backwardness of economic~~
^{OF ECONOMIC ISOLATION.} blocs. ~~If we are to be a~~ true export superpower, we
 cannot be tied down to one region. ~~Instead,~~ ^{BAIT TO CAST} My intent
 is to use our attractive domestic market as the ~~basis of~~ ^{OUR TRADE}
~~a muscular free trade policy that will strengthen~~ ^{LINES}
~~America's global economic reach and complement our~~ ^{OVERSEAS,}
~~worldwide security presence.~~

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 ^{WEB OF} special
 interests and the protectionists, I will need ~~a mandate~~
^{TO CUT THE ROPES} 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 and economic
 agreements. The Congress will ^{READ} ~~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, ^{will?} I would 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 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 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,
SEE NEW NEW MARKETS, NEW OPPORTUNITIES, NEW JOBS.

As we are developing this ~~economic~~ and trading ~~structure~~ ^{NETWORK} for the 21st Century, I will vigorously ~~safeguard~~ ^{FIGHT BACK TO} 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'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 ^{AMERICAN} U.S. firms. We've already begun this

-- and it's working.

with the six ASEAN countries. I will particularly stress helping America's small business people to develop trading opportunities. ^{these companies look small -- but they trade big.} ~~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 ^{TAKING ON} ~~orienting themselves toward~~ the ^{FOREIGN} ~~new~~ international economic competition. I know Americans can do it.

I know.
I started
my own.

VI. Preparing Our Children for the 21st Century

In the 21st Century our ^{GREATEST} primary national resource ^{LIE IN THE FIELDS OF OUR IMAGINATIONS, IN THE METTLE OF OUR MINDS,} 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 ^{a constant evolution} ~~constantly~~ changing, we need to prepare the American people to adapt to and 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 ^{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} ~~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. ^{EVERY CHILD MUST VISIT A DOCTOR BEFORE THEY ARE BORN. EVERY PARENT} ~~And I want everyone to get out the word that the~~ ^{MUST SHARE THE GIFT OF HEALTH WITH THEIR CHILDREN.} ~~behavior of parents is probably the most important contribution to infant health.~~

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 Nutrition Assistance program (WIC) has grown ^{257.6%} ~~366%~~ between 1980 and 1992; my request for an additional \$240 million for 1993 brings the annual cost to \$2.8 billion.

5-8-93 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.)

Switzerland. And funding for the Education Department has increased ⁴¹ ~~42~~% 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 Education 2000 program is all about.

~~The first step is to establish world-class standards for our elementary and secondary schools.~~ ^{OUR KIDS CAN'T BEAT WORLD-CLASS COMPETITION IF THEY CAN'T MEET} We are ^{FORWARD} moving ahead with the development of these standards in math, science, English, history, geography, arts, and civics.

^{MUST HAVE} 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 ^{SIT IN FRONT OF THE} that students can watch 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 on the basis of their performance, not their bureaucracy.

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?

Chicago's public school teachers -- 47% 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 a good
 school. It's time we stop condemning the poor to a
 monopoly education system."

WHEN YOU TURN THE FIRST PAGE OF A VERY LOW BOOK, YOU'RE
 WE'VE ALREADY MADE SIGNIFICANT PROGRESS IN STARTING
 ALREADY HALFWAY TO THE ENDING.
 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. 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 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 their children will attend, but you need to help, too. ^{AFTER YOU CHECK OUT OF WORK, CHECK INTO} ~~When you return from work, turn off~~ ^{YOUR CHILD'S HOMEWORK} ~~the television, help your son or daughter with homework~~ ^{TALK TO} ~~if you can, back up your child's teacher who's trying to~~ enforce discipline, join your local PTA, and ~~support your children's schools.~~ My approach -- Education 2000 -- relies on parental, business, and community involvement in creating new schools that break the mold.

^{PHILOSOPHERS OF ALL AGES -- FROM ARISTOTLE TO BARBARA BUSH -- HAVE PLACED} ~~I put the family at the center of our society. I~~ ^{GOVERNMENT MUST TRY TO HELP FAMILIES -- NOT REPLACE} believe that ~~parents are best able to make decisions~~ ^{THEM. THAT WHEN IT COMES TO CHOICES FOR OUR CHILDREN, PARENTS REALLY} ~~about their children, that federal policies should~~ ^{DO KNOW BEST} 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 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.} ~~lift themselves as high as they can.~~

VII. Sharpening Businesses' 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. ^{JESSE JACKSON PUT IT THIS} 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 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 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.

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

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. 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 the FAX machine, ^{very technology}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 ⁺²⁶25 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:

- 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 (1990) [TABLE G-10; PART ONE - FY 93 BUDGET]
 10 615 000 000 (1991) [TABLE G-10; PART ONE - FY 93 BUDGET]
 2 170 000 000 (1992) [TABLE G-10; PART ONE - FY 93 BUDGET]

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.
- the establishment of ^{SEVEN} ~~five~~ 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

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 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 ^{60%} ~~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 in Europe

-- 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

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:

- 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 "pre-existing" 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 \$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 the key elements of my 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 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 ^{I DISAGREE} logic of ^{FAILED} "welfare rights" ^{AND ITS} that emphasizes entitlements. ^{ON} Nor do ^{I DISAGREE WITH THE} I favor "income maintenance" strategies ^{-- strategies that} that assume the ^{merely maintain poverty and contain potential.} problem of poverty is simply a lack of income that can be made up by government.

Our goal should ^{NOT} be ^{TO SHARE THE AMERICAN DREAM} to help ^{INF} people develop the human and financial capital that enables them to become self-sufficient. We have ^{TAKEN THE FIRST STEP} 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. ^{Welfare policies won't work, unless people}

In our inner cities, we need to restore hope by ^{do too.} 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 ^{TRIED TO RECHANNEL} ~~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.

^{THE KEEPER OF THE KEYS IN} For too long, the barons of Congress have refused ^{FACE THE TRAGIC CONSEQUENCES OF} to discard failed programs that perpetuate welfare dependency. ^{NO DOUBT} 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 ^{GLUTINOUS} ~~overweight~~ government -- ^{SERVING ITSELF SECONDS} ~~one that serves the~~ ^{RATHER THAN SERVING THE PEOPLE FIRST} special interests instead of America's interest -- will ^{WEIGH US DOWN} ~~handicap~~ our country in the race of a new era.

^{MUCH OF}
~~A number of the items~~ on my agenda can be
^{SIMPLY}
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 -- ^{EVEN} 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 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.

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. * BITTER EXPERIENCE BECOMES BETTER JUDGEMENT.

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

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 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.

AS USUAL, THEY KNOW BEST.

Some editorialists ^{DISMISS} slight my checkoff proposal. ^{AS USUAL, THEY KNOW BETTER.} But the American people seem to like it, [^] and I think I know why. The ^{MY} checkoff proposal ^{WEAVES} traces its roots ^{THROUGH THE} to a venerable ^{HISTORY OF} tradition ^{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 ^{SUCH VENERABLE "GIMMICKS" ^} number of innovations such as referenda, the right of recall, and the direct election of ^{UNITED STATES} senators. The idea of term limits for Senators and Congressmen, which I fully support, ^{ALSO STEMS FROM OUR TRADITION} is another of this type of reform. At the time each was proposed, the conventional thinkers ^{CHUCKLED AT} mocked

(all it.)

the changes. The same is true today. Given the ^{COMPLETE} 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. ^{THE} 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.

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 ride 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 ^{I HAVE IN MIND} 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. No

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.

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 spoils~~
~~end of the long Cold War, we can direct more energy and~~ ^{CAN BE PEACE, PROSPERITY & PROMISE.}
~~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. *The world you and I knew as children will never be the same.*
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} 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 ^{our hopes for} 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 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. That is simply not true."
- 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.

- 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 52.8% during the Carter years.
- o 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.

- 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 _____.
- 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.
- 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.
- Federal investments in biomedical research have almost tripled since 1980, reaching a level of \$9.4 billion in 1993.
- Since 1989, we have increased AIDS research funding by 39%, to over \$1.2 billion dollars;

AIDS prevention funding by 29% to \$621 million;, and AIDS treatment funding by 240% to \$2.5 billion.

- 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.
- Since 1989, Federal spending for infrastructure has increased at a nominal average of 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.
- 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%

-- 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 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%

- 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%.
- 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.
- All major categories of exports gained during my term. Exports of industrial supplies increased by 22%, capital goods by 45%, automotive by 26%, and consumer goods by 98%.
- U.S. export growth under my leadership has been roughly twice the rate of the other G-7 major industrial countries.

Agenda for American Renewal

A handwritten signature in white ink, appearing to read "G. Bush", is positioned in the lower right area of the page.

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-

"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."

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.

"The first great change in our economy is ironically due to our very success in ending the Cold War. ...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."

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 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. 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

"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."

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

"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."

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

"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."

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-

"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?"

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

"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."

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.

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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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:

"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."

- 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 ~~man on~~ 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.

"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."



1030 15th Street, NW
Washington, DC 20005

Office of the Press Secretary
(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

MORE

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.

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

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