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Subseries: Chron File, 1989-1993

OA/ID Number: 13833
Folder ID Number: 13833-005

Folder Title:
Enid, Oklahoma Convention Center 9/17/92 [OA 7580]

Stack:	Row:	Section:	Shelf:	Position:
G	26	23	1	2

JD. FORSTER / CEA
5084

SEEN 19 / 90'S 21 MILLION
JOBS IN 80'S USED —

[ACCORDING ECONOMIC
REPORT OF 80'S]

employment #
through 80's = 19.5 million
jobs created Jan 80 -
Dec. 89

— 21m. — from trough of recession in '82
thru Dec. of '89

WWTI at ↑ marginal tax
rates; vastly expanded the
of people who pay taxes

pin @ down — late 70's
under Carter

— (Rate v. revenue
not the same
thing)

end of
2nd 94%

50 = 90

60 - 70's
79

most people didn't pay those ↑ rates

Down ^{number} _{of} ^{taxes} _{paid}
big

File: GORE/HONEY PRICE SUPPORTS

** 1991 CO SENATE VOTE 52 ** SConRes29. Fiscal 1992 Budget Resolution. Daschle, D-S.D., motion to table (kill) the Brown, R-Colo., amendment to eliminate the honey price support program. Motion agreed to 57-38: R 19-21; D 38-17 (ND 23-10, SD 18-1), April 25, 1991.

For All Members
In Alphabetical Order
Grouped by Party

*** YEAS (57) *****

DEMOCRATS (38)

- Adams B (WA)
- Ahaka D (HI)
- Baucus M (MT)
- Bentsen L (TX)
- Bingaman J (NM)
- Boren D (OK)
- Breaux J (LA)
- Bumpers D (AR)
- Burdick G (ND)
- Byrd R (WV)
- Conrad K (ND)
- Cranston A (CA)
- Daschle T (SD)

- DeConcini D (AZ)
- Dixon A (IL)
- Emm J (NE)
- Ford W (KY)
- Fowler W (GA)
- Gore A (TN) *
- Graham B (FL)
- Harkin T (IA)
- Heflin K (AL)
- Inouye D (HI)
- Johnston J (LA)
- Kerry B (NE)
- Kohl H (WI)

- Leahy P (VT)
- Mikulski B (MD)
- Mitchell G (ME)
- Nunn B (GA)
- Riegle D (MI)
- Robb C (VA)
- Rockefeller J (WV)
- Sanford T (NC)
- Sasser J (TN)
- Shelby R (AL)
- Simon P (IL)
- Wellstone P (MN)

INDEPENDENTS (0)

REPUBLICANS (19)

- Bond C (MO)
- Burns C (MT)
- Cochran T (MS)
- Craig L (ID)
- Dole B (KS)
- Domenici P (NM)
- Durenburger D (MN)

- Gramm P (TX)
- Grassley C (IA)
- Jettards J (VT)
- Kassebaum N (KS)
- Lott T (MS)
- Mack C (FL)

- Pressler L (SD)
- Seymour J (CA)
- Simpson A (WY)
- Syrms B (ID)
- Thurmond S (SC)
- Warner J (VA)

*** NAYS (38) *****

DEMOCRATS (17)

- Biden J (DE)
- Bradley B (NJ)
- Bryan R (NV)
- Dodd C (CT)
- Glenn J (OH)
- Hollings E (SC)

- Kennedy E (MA)
- Kerry J (MA)
- Leutenberg F (ND)
- Levin C (MI)
- Lieberman J (CT)
- Metzenbaum H (OH)

- Moynihan D (NY)
- Pell C (RI)
- Reid H (NV)
- Sarbanes P (MD)
- Wirth T (CO)

INDEPENDENTS (0)

One Issue, Two Fantasies

Both Bush and Clinton fall short in their plans to boost the economy



A born-again supply-sider: Campaigning in Michigan last week

JOHN FICARA—NEWSWEEK



BY RICH THOMAS

You've heard the speeches: Bill Clinton and George Bush both say restoring American productivity and economic growth is the No. 1 issue of the campaign. But what are their actual programs—how do they plan to do it?

A look at the details is, in a word, terrifying. Clinton, despite his neoconservative rhetoric, appears from his policy blueprints to be a programmatic liberal. He proposes at least two dozen new tax and spending programs, including national health insurance, welfare reform, national education reform and universal job training. The Clinton campaign hasn't estimated the cost of its national health plan and says the other three programs should total about \$20 billion a year. But the real price is almost certainly higher—perhaps as much as \$150 billion, including health-care reform.

Bush, on the other hand, has suddenly proclaimed himself a born-again supply-sider. He wants to cut spending, cut taxes and let the private sector take care of the nation's economic problems. He declines to provide the details of his proposed spending cuts, but they would surely be heroic: his proposal for a reduction of roughly 10 per-

cent in all federal spending, excluding social security, would mean politically explosive cutbacks in sacred cows like Medicare, Medicaid and college-loan guarantees. In return, some unspecified portion of the projected savings would be plowed back into the economy in the form of investment incentives, capital-gains reductions and, yes, tax cuts for the middle class.

Clinton, in short, promises to spend his way back to economic health, while Bush wants to put government on a crash diet to unleash the magic of the market. What is terrifying about these two approaches to economic policy is that both candidates are so plainly guilty of overpromising. Bush, for example, would be lucky to win even half his proposed reductions in federal spending from a *Republican* Congress—and he would have to settle for much smaller retrenchments if, as now seems likely, the Democrats keep control of the House and Senate. As a result, his plan to stimulate the economy with tax cuts balanced by spending reductions is largely based on political fantasy.

The Clinton program, on the other hand, is *economic* fantasy. By failing to put a price tag on his four biggest programs, as well as some of the smaller ones, Clinton is able to pretend that he would add only \$42 billion to federal spending during his first year in

office and only \$64 billion by 1996. The real cost is arguably at least three times higher than that. Where will the money come from? Clinton says he would raise federal tax revenues by \$30 billion through a combination of improved tax collections and new taxes on corporations and the rich. ("Rich" is defined as any family with an annual income over \$200,000.) He also says he can cut the cost of civilian government by \$26 billion. Most of the rest, presumably, is deficit spending.

Such phony bookkeeping enables both candidates to ignore what is arguably the biggest economic-policy issue of the 1990s: the federal deficit. After 12 years of borrowing and spending, the publicly held national debt has surpassed \$3 trillion. The interest on that debt, now \$200 billion a year, is the fastest-growing item in the federal budget. The annual deficit, about \$320 billion for 1992, squats over the economy like Jabba the Hutt, keeping interest rates artificial-

ly high, devouring savings and crowding out private investment. The deficit has already crippled George Bush's presidency. It stifled any thought he may have had for new federal initiatives, and it prevented him from propos-

ing conventional pump-priming measures, such as tax cuts or public-works spending, to stimulate the economy during the 1990-91 recession or in the current recovery. Whoever walks into the White House next January is going to discover a deficit problem is four years and many billions of dollars worse than the one Bush inherited in 1989.

Two gimmicks: Both candidates are ducking this brutal reality. Bush pretends he can gradually control the deficit by chopping federal spending twice as much as he lowers taxes. He asks for two gimmicks as insurance: the line-item veto and the balanced-budget amendment. Clinton wants the line-item veto as well, though he rejects a balanced-budget amendment. But he assumes his spending programs will accelerate economic growth and boost tax revenues, thus bringing the deficit toward an eventual cure. He says his plan "will cut the deficit in half within four years, and assure that the deficit continues to fall each year after that." He doesn't explain how this miracle will occur—and even if his spending programs are good investments over the long term, he seems not to recognize that their cost will only worsen the deficit, and dampen economic growth, in the near term.

In fairness to the candidates, many Americans seem to prefer being lied to. Defi-

cit reduction is a dreary game of parceling out austerity and, in effect, picking losers. The two candidates who offered straight talk about the deficit in this election year, Paul Tsongas and Ross Perot, both bombed out. Tsongas won four Democratic primaries before fading. Perot took one look at the budget plan his advisers had drawn up and folded his hand. So assuming Bush and Clinton are playing it safe by avoiding the deficit, what else is in their programs that might improve productivity and ensure growth?

Both men have plans to provide health insurance for the millions of Americans who now do not have medical insurance. Clin-

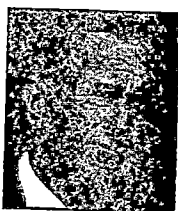
ton's program is bigger and covers everyone. (Bush's doesn't.) However sound this may be, pouring more money into health care does nothing to boost productivity or accelerate growth. As for the rest of their ideas, Bush's job-training program should improve the quality of the work force, and Clinton's much bigger education and training reforms might do even more long-term good—if he can find a way to pay for them. Clinton would also spend \$20 billion a year to launch a high-tech public-works program to improve the nation's roads, railroads and telecommunications. And his version of welfare reform ultimately includes a guarantee

that government would be the employer of last resort. All this may be good social policy—but many economists, along with virtually all conservatives, think these programs would only increase the burden of deficit spending on the private-sector economy.

Past presidents had the luxury of assuming the U.S. economy was strong enough to shrug off the deficit's net drag. That's what Ronald Reagan meant when he quipped, "The deficit? It's big enough to take care of itself." Those days are gone. Whoever takes office next January must understand that if he doesn't take care of the deficit, it will surely take care of him.

Clear Choices: What's in the Candidates' Programs

George Bush and Bill Clinton offer the voters a clear choice on the best ways to revive the U.S. economy. A brief and selective look at the candidates' election-year economic programs:

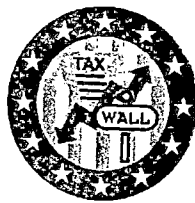


George Bush



Bush now calls for an across-the-board cap on all federal spending (except social security) of approximately 10 percent. He wants to allow taxpayers to earmark up to 10 percent of their income-tax payments to help reduce the deficit.

Comment: Could cut the deficit by \$50 billion to \$60 billion a year—but will it fly politically?



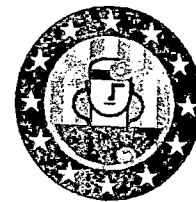
Bush promises a new tax cut for individuals but won't say how big it would be. He still wants to cut capital-gains taxes, and he wants new tax incentives for industry. He forecasts 3 percent annual growth in GNP through the mid-1990s.

Comment: Too good to be true. Underestimates the impact of the deficit on interest rates.



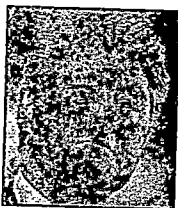
Bush wants to unify 60 existing government job-training programs into a single national system tied to local private-industry councils. He wants national education standards and tuition vouchers that could be used for private schooling.

Comment: Evolutionary, not revolutionary. Little new spending; may need to do more.



Bush wants tax credits and vouchers to help working Americans buy health insurance through the private sector. His plan would provide basic coverage for about 20 million of the 36 million people who now don't have it.

Comment: A modest plan—even so, no word from Bush on how to pay for it.



Bill Clinton

Clinton says he can save \$26 billion in wasteful spending and that the budget will increase by no more than \$64 billion by 1996. He says the deficit will be cut in half over the next four years and continue to decline thereafter.

Comment: His high hopes are plainly unrealistic—and he needs to check his arithmetic.

Clinton wants to raise taxes on the wealthy and let the middle class choose between lower income taxes and tax credits for child care. Overall, he says his programs will produce a third more growth in GNP than Bush's would.

Comment: Two times too good to be true. And hey—what about that pesky deficit?

Clinton proposes three major job-training initiatives. The centerpiece is a national apprenticeship program funded by a 1.5 percent payroll tax on employers. He backs education reform but opposes private-school choice.

Comment: A major effort to improve worker skills. But what's the real cost?

Clinton proposes a new universal system of managed health care financed by employers or by taxes on firms that refuse to join. He says he can save \$80 billion in waste and limit future cost increases to 3 or 4 percent a year.

Comment: Universal care is probably inevitable—but the real trick is controlling costs.

EDITS/

(Ferguson/Bunton)
September 16, 1992
(11) 7:30 pm
ENID

PRESIDENTIAL REMARKS: CONVENTION HALL
SEPTEMBER 17, 1992
10:00 A.M.
ENID, OKLAHOMA

Good morning, everyone.

(Acknowledgments.)

I've come here today to the "Bright Star of the Great Plains" to discuss perhaps the most serious issue Americans face this fall.

I want to speak of our economic future, and of the very real choices my opponent and I offer for shaping that future.

Enid is the perfect place for this discussion, for in many ways your community is a metaphor for America. Here we can find the forces that have made us the world's greatest economic power.

→ * Yesterday, you ^{marked} ~~celebrated~~ the 99th anniversary of the Land Race -- a peculiarly American experiment.

The government set up the competition in 1893, but then stood back -- to let free people work their miracles.// And 99 years later, we see the results all around us: hard working ranchers, some of the world's best oilmen. Enid has become a thriving center of commerce, a hub of transportation, a producer of goods sold in every corner of the earth.

A government planner might conjure up this miracle, but only a free people could have produced it.// The lesson it teaches should guide us as we look to the challenges ahead.

* LITERALLY - THE ANNIVERSARY WAS YESTERDAY; THE CELEBRATION WAS LAST SATURDAY.

We stand today at the edge of a new era. At the close of a long and costly Cold War, ~~we have an opportunity~~^{to} turn our attention to the problems at home. Americans recognize the world is in transition. We feel it in our homes and neighborhoods.

← NEW INSERT

In Detroit, last week I presented my Agenda for American Renewal -- a look at what's wrong in America -- and what's right. I offered a comprehensive, integrated approach to win the new global economic competition -- to create the world's first \$10 trillion economy -- by early in the next century. //

My Agenda includes 13 actions that I will pursue in the first year of my second term -- and I will fight for them ~~with every ounce of energy at my command.~~

I want to be specific about what I have to offer America -- because I want ~~to~~ a mandate to govern. I built a mandate in the Persian Gulf -- and look what we accomplished. I want to do the same thing here at home. Because just as America has achieved a lasting political and military security, we can and will forge a new economic security -- right here at home. //

Yes, change is underway, because change is the nature of America. Yet change must be a tool for us, not against us. So we must never grasp change blindly -- without considering seriously where those changes will lead us, or what they will mean in our daily lives.

That is why this ~~afternoon~~^{morning} I want to lay out the differences between my Agenda and my opponent's plan. These distinctions are fundamental: they shape our approach to every major issue in this

election -- from education to health care to the renewal of the American economy.

The first difference is the most profound, for it goes to the heart of the matter: what makes our economy grow? Or more precisely, who makes an economy grow?

My answer is: individual working men and women. My opponent puts his faith in different people -- government planners. ^(boo) He believes that Washington -- the government -- will produce economic growth through -- quote -- investing your money more wisely than you can.

To understand where these differences come from, you have to look at the differences in who we are -- what we believe.

I came out here, like a number of you, to build a wildcatting business. I spent half my ^{Adult} life in business, and I had the ulcers to prove it. I built a company from the ground up, created jobs, and paid my taxes.

On the other hand, my opponent chose to run for office at an exceptionally early age. He wanted to determine how the people's taxes should be spent -- how to shape people's lives through more government programs.

I never forgot my days in the Texas oil fields, so my philosophy is unleashing the aspirations of the little guy or gal with the big idea. Aspirations lead to enterprise and enterprise creates jobs and wealth -- the opportunity that knows no difference between color, creed or social class. //

My opponent and his advisors propose something quite different.

Their writings refer to European models and industrial policies. Their ideal is not the entrepreneur, but the government planner -- the lawyer or policy professor who flatters himself that he understands the American economy better than the workers and entrepreneurs who actually make it work.

My opponent and his advisors can trace their intellectual roots to the turn-of-the century socialists. Their predecessors advocated large-scale government ownership to give the state the leading role in the society and economy. Today, European governments are still selling off the inefficient industrial monstrosities that were born from those ideas.

Then the socialists became interventionist liberals, who wanted to create a welfare state. They sought to "level" differences, to tax success, to redistribute wealth. They ended up paralyzing the private sector. That's one reason some European countries today are stuck with unemployment rates around 10 percent. And it's why ordinary Europeans are rebelling against anything that even smacks of elite central government.


My opponent is drawn to these views; he and a number of his advisors studied them at Oxford in the '60s. But they are shrewd enough to know that the welfare state doesn't sell in America, so my opponent labels his latest technique for government management -- "investment." No matter what you call it, it's still big-

time government spending directed by Washington planners who want to re-order social and economic priorities. *And we cannot have that. //*

My opponent's approach exploits the market, but fundamentally distrusts it. Where the market can be rough-edged, they prefer academic tidiness. Where the market is often unpredictable, they prefer the false certitude of social engineering -- fashioned by a new economic elite of the so-called "best and brightest."

From Santa Monica to Cambridge, my opponents are cranking up their models -- ready to test them -- on you.

You see, your choice about who should lead the American economy -- the entrepreneur or the government planner -- comes at a decisive moment in history. //

From Mexico to Eastern Europe, from Russia to South China, command-and-control economies have ^{been} dismissed as failures. The individual is being set free, private enterprise unleashed, bureaucracies shut down. 

At the exact moment the rest of the world is going our way - - why would we ever want to go their way? //

What are we supposed to say to a world suddenly copying our ideas about free enterprise? Just kidding? //

This is the most fundamental disagreement between us: whether the driving engine of growth is government interventionism, or entrepreneurial capitalism. But from this one disagreement flow many others, with important practical consequences for our economy, our nation, and your family.

Take our second disagreement -- over the issue of taxes. He wants to raise taxes, I want to cut them. //

I believe our tax system is fundamentally the product of a wartime economy. The cost of fighting two World Wars and a Cold War vastly expanded the number of people who had to pay taxes, and raised marginal tax rates.

High tax rates created pressure for exceptions -- tax loopholes. The discovery and enlarging of loopholes has in turn created a vast industry of accountants and lawyers and tax specialists, all paid by special interests seeking favored treatment.

During the 1980s, we slashed the tax on labor -- increasing incentives for work and creating 21 million jobs.// Now, we need to lower the tax on capital -- encouraging more investment that will create more jobs. //

My opponent calls for raising marginal rates again. His approach will cut the demand for labor -- unless you happen to be a lawyer or accountant or lobbyist.

There's a motive to his madness. My opponent needs the money to pay for his social engineering. He says it will come from the "rich." He neglects to mention that two-thirds of the quote -- "rich" -- he's targeting are family farmers and small business owners. His theory is that you may not live the lifestyle of the Rich and Famous -- but you can be taxed like you do. //

This leads me to our third major difference: government spending.

Again, the contrast couldn't be more plain. He wants to raise government spending, I want to cut it. //

every dollar

The federal government today spends almost a quarter of our national income. When you add state and local spending, the figure is about 35 cents.

My opponent thinks government should be bigger. He has already called for \$220 billion in new spending, on top of today's \$1.5 trillion -- so government can lead our economy with new "investments." And Newsweek suggests that the actual cost could be three times that.

My proposal to reduce the growth of spending has three parts: a cap on the growth of mandatory spending, excluding Social Security; a freeze on domestic spending; and the elimination of 246 programs and more than 4000 projects we don't need and can't afford. //

I want this discipline backed up with a balanced budget amendment, // and a line-item veto. // And I want to ^{give} you the right to ← take up to 10 percent of your tax payment -- and dedicate it solely to cut spending and the deficit. //

My opponent says he would like to cut a government program, too. One program in the entire federal budget -- the honey bee subsidy -- worth \$11 million. Incidentally, Senator Gore has voted ~~four~~ times to save the program. //

2 X / MARK NESHAM, DEP. DIR. B/Q RESEARCH 336-7327
CAN ONLY PROVE

SCON RES 29 FISCAL BUDGET LES.
DASCEU MOTION TO TABLE
PROM AMEND TO ELIMINATE
GORE VOTED 2 TABLE APR. 25, 91

AND July 24, 90
Amend 2 52830 without
1990 Farm Bill - PAXELL
MOTION TO TABLE? GORE VOTED YES TO TABLE
CHAPPEL AMEND -

My opponent ducks the subject of spending cuts. He's proposed about \$5⁷ billion in cuts in mandatory spending over four years. The trends are clear. He wants to increase government's share of the national wealth, I want to decrease it.

The fourth defining difference? Opening foreign markets for American goods. // Again, two contrasting approaches.

Here in Oklahoma, 65,000 jobs are supported by ~~trade~~^{exports} -- and that number will grow, if we open more foreign markets. That's why I negotiated the North American Free Trade Agreement or NAFTA -- why I want a network of free trade agreements with other countries.

I want lower-priced goods for American consumers, and I know that, given the chance, the American worker can out think, out compete, and out create any worker in the world.//

There were times when my opponent said he favored open trade. Other times -- usually after meeting with big union leaders -- he has no opinion at all. Asked about the free trade pact with Mexico he now says -- "When I have a definitive opinion I'll say so."

That indecision could have disastrous consequences. Make no mistake: An indecisive President will produce a protectionist trade policy. Over the past twenty years, Congress has become much more protectionist. Changes in the way Congress operates have significantly increased the power of individual members. And the established special interests have targeted each one -- with a great deal of success. These local interest groups will

conspire with their clients in Congress to keep out competition altogether. Only the President can speak for the national interest.

The marriage of convenience between the special interests and powerful Congressmen poses particular dangers to free trade. Entrepreneurs are very good at taking advantage of foreign markets; they are not as good at taking lobbyists to lunch. // Old line companies know the game well -- the weaker their competitive edge in the marketplace, the greater their competition for favors from Capitol Hill. So the President must be firmly committed to opening markets -- at home and abroad.

Frankly, I believe that when Americans shop we should give the first look to products marked Made-in-the-USA. // Our quality revolution has made American products the best in the world. But they will only remain the best if American business opens itself to competition. Competition gave American business its competitive edge, and competition will keep it sharp.

There's a fifth difference between my opponent and me: our attitudes toward government regulation, mandates and monopolies. *no-monopolies*

I want to minimize federal intrusion in the workings of the marketplace; // my opponent sees regulation as he sees taxes and spending -- as a chance to reorder society according to planner's blueprint.

Of course, I believe firmly in government's obligation to protect the health and safety and rights of its citizens. I fought for both the Clean Air Act and the Americans With

Disabilities Act. Both will require new regulations -- but we are proceeding to implement them in the most efficient and least burdensome way possible.

Last year, Americans expended 5.3 billion hours just to keep up with federal regulations. That's like watching every pro football game on television back-to-back for the next 12 million -- 268,000 years. (That's not including playoffs.) //

That is why I have ordered a top-to-bottom review of government regulations, to assess each new rule's impact on economic growth. // And in my Agenda I have called for adding "sunset" provisions to all new regulations.

Look at health care -- a case study of our different attitudes toward government regulation. My health care reform will bring health care to those without it by giving them the means to choose the kind of care they want. And my program harnesses the forces of competition to control costs. *add line //*

My opponent, by contrast, says that government will simply issue an edict: Costs shall not rise. And he will order businesses to provide health care or pay for it -- though he never quite says how. It sounds simple, even seductive.

But that's not the way the world works. My opponent's new dictates and taxes won't cure the health care problem; they will just make the economy sicker. From Warsaw to Prague to Moscow, government price controls have led to one thing: rationing of service. In health care, that will mean longer lines, inefficient service, and lower quality.

Our difference in approach to government's role shows up across the board.

In child care -- I fought to empower parents to choose from a public agency, a relative, or a church. // My opponents wanted a government-knows-best monopoly.

In education -- I'm fighting to give parents scholarships to choose the best schools for their kids -- public, private or religious. // My opponent bows to the special interests who say parents should only choose government schools.

Lastly, my opponent and I disagree on an issue crucial to small businesses. I believe our legal system is out of control, // heading for an accident. // The litigation explosion has discouraged risk-taking and innovation, the life's blood of entrepreneurial capitalism. Today Americans spend up to \$200 billion in direct costs to lawyers -- far more than our competitors in Asia and Europe.

Again, when it comes to legal reform, the difference is clear: I'm for it. My opponent and the trial lawyers want to kill it.

In fact, one trial lawyer from Arkansas solicited funds for my opponent by writing: "I can never remember an occasion when he failed to do the right thing where we trial lawyers were concerned."

A truly competitive America cannot afford a President who worries about doing the right thing for trial lawyers. //

We need to sue each other less and care for each other more. //

These, then, are the six core differences between my Agenda and my opponent's plan. There are others, but all relate to America's central challenge -- the challenge of securing peace and prosperity in a totally new era.

We may talk about the same issues, but the similarity ends there. My opponent and I hope to take America in very different directions.

He would unite the Presidency and the Congress to achieve one end above all others: more government -- a government that taxes more, spends more, regulates more, encourages more lawsuits, and shuts off more markets to the products Americans create.

Those aren't new ideas. They're bad ideas. And they've been tried before.

Buying my opponent's prescription for the economy would be like going to the used car lot and buying the lemon you got rid of 12-years-ago.// Only this time, there would be higher taxes, higher interest rates, and higher inflation. This is not a good deal for America.

On July 20, 1988, my opponent nominated Michael Dukakis for President. He praised Michael Dukakis then as a "master of innovation," the architect of the Massachusetts Miracle. //

Six months later the Miracle was a curse, and Massachusetts teetered toward bankruptcy.

I think America can do without that kind of innovation. There are some kind of changes America simply can't afford.

I look to a different kind of future. We can build on our strengths. With inflation kept safely behind bars, our entrepreneurs can turn to the challenges they love to face: transforming their dreams into wealth, their risk-taking into jobs for all Americans.

And the result won't be the mirage of innovation conjured up by government planners. It will be a wave of genuine innovation and prosperity, created by free men and women, exploiting opportunities unprecedented in our history. //

That is the choice we face. So I ask when you make that choice, please consider carefully which candidate's agenda best fits your beliefs, our national heritage, and our hopes for lasting peace and prosperity.

Thank you for listening. God Bless the United States of America.

#

**WHITE HOUSE
SITUATION ROOM**

PRECEDENCE: IMMEDIATE
PRIORITY
ROUTINE

RELEASER: _____

DTG: _____

MESSAGE NO. _____ CLASSIFICATION UNCLASS PAGES 17

FROM J BUNTON _____ 7750 _____ 111.5
(NAME) (PHONE NUMBER) (ROOM NO.)

MESSAGE DESCRIPTION REVISIONS / EDITS FOR
ENID - OKLAHOMA

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
<u>AF 1</u>	<u>CHRISTINA MARTIN</u>	_____	_____
_____	_____	_____	_____
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REMARKS: ENID, OKLAHOMA!
HERE'S THE STUFF -

Rich Nolan - RNC

Analysis done by Rep. Policy Cmte. -

3 categories

\$5.2 b in mandatory cut
over 4 yrs.

doesn't include domestic
discretionary

\$4.4 billion spending savings
Medicare B premiums

POTUS INTRO: MARK MCCORD

SEN. DON ~~NICKLES~~ NICKLES

ROBERT ANTHONY GOP CANDIDATE

~~REP.~~ REP. JIM REESE

- NEVA HILL BA DIRECTOR

- MAYOR

(Ferguson/Bunton)
September 16, 1992
2:30 pm
ENID

PRESIDENTIAL REMARKS: CONVENTION HALL
SEPTEMBER 17, 1992
10:30 PM AM
ENID, OKLAHOMA

^{morning}
Good afternoon, everyone.

(Acknowledgments. I'm sorry I missed all the festivities
last week. ^{end} I'm told ^{the Cherokee Strip run was} you put on the world's largest horse race.
Please accept congratulations from the guy who's involved in the
world's longest horse race.)

I have come here today to the Bright Star of the Great
Plains ["] to discuss a serious topic -- perhaps the most serious
issue Americans face this fall.

I want to speak of our economic future, and of the very
real, and very different, choices my opponent and I offer for
shaping that future.

Enid is the perfect place to begin this discussion, for in
many ways your community serves as a metaphor for America. Here
in your history you find all the forces that have made us the
greatest economic power the world has ever seen.

Last week, of course, you celebrated the 99th anniversary of
the Land Race. ^{Rush} The race was a peculiarly American experiment.
Only Americans could have mustered the exuberance and guts to
pull it off.

The government was there to help -- surveying and plotting
the land, ensuring against fraud. But then government stood
back, to let freedom work its miracles. And 99 years later, in

this lovely town, we see the results all around us: a thriving center of commerce, a hub of transportation, a producer of goods sold in every corner of the earth.

It is a miracle only a free people could have produced. It is a miracle beyond the power of any government planner to conjure up. And the lesson it teaches should guide us as we look to the challenges ahead.

We stand today at the edge of the new era. At the close of a long and costly Cold War, we have an opportunity to turn our attention to the problems at home. At the same time, Americans recognize the world is in transition. They feel it in their homes and neighborhoods; they read about its stirrings in our fellow democracies.

In Detroit last week I presented my Agenda for American Renewal -- a diagnosis of the economic problems we face, and an explanation of my comprehensive, integrated approach to get our nation safely to the other side of the new era that confronts us.

I conclude my Agenda with a target for America -- 13 actions that I will pursue in the first year of my second term with every ounce of energy at my command.

In the crossfire of a national campaign, issues often become blurred. Journalists sometimes argue that candidates try to blur ideas, in hopes of avoiding controversy. But a candidate who does so, if elected, finds himself without the popular support he needs to get things done.

"A MID-LIFE CRISIS"

This year I want a clear mandate from the American people. You are entitled to know precisely what I intend to do. And once elected, I will count on your support to translate my mandate into action.

By boldly taking on the challenges of this new world, America will forge a new economic security, just as America has achieved a lasting political and military security.

Change is coming, but that must not be an excuse for rash judgments. We have the power to direct change. We must never grasp it blindly -- without considering seriously where those changes will lead us, or what they will mean in our daily lives.

That is why this ~~afternoon~~^{Morning} I want to lay out the chief distinctions between my Agenda and my opponent's plan. These distinctions are fundamental: they color our approaches to every major issue in this election -- from education to health care to the renewal of the American economy.

The first difference I want to discuss is the most profound, for it goes to the heart of the matter: what makes our economy grow? Or more precisely, who makes an economy grow?

My answer is: the individual ^{- the} working man and woman. So I want to unleash the aspirations and ideas of entrepreneurs -- enlarge their capacity to make those ideas work. From these aspirations come enterprise, and from enterprise comes the creation of jobs and the creation of wealth.

Our American system of entrepreneurial capitalism is based on opportunity, and, when it works best, it offers opportunity

without regard to rank or social class. [Napoleon once said that every one of his privates carried a marshall's baton in his knapsack.] And indeed, that political revolution freed privates and sergeants to become brilliant military leaders.

My economic revolution holds the same promise for millions of Americans with drive and energy and dreams -- the little guy with the big idea.

Now, my opponent offers a very different answer to the fundamental question of how an economy grows. His plan is premised on the belief that Washington -- the government -- will produce economic growth through the investments of professional planners.

ORWELL HAD BIG BROTHER, ARKANSAS HAS BIG BUBBA.

Listen carefully to my opponent and his advisers.

Their writings refer to "industrial policies," led by the government. They draw examples of massive economic combines from European models. Their ideal is not the (entrepreneur) but the government planner -- lawyer or policy professor who flatters himself that he understands the American economy better than the workers and entrepreneurs who actually create it.

← again on p. 6

My opponent and his advisers embody the most recent variation of one line of 20th Century thought. Their school gravitates to models of society organized from the top down. They can trace their intellectual roots to the socialist response to the no-holds-barred capitalism of the 19th Century. At first, their predecessors advocated large-scale government ownership to give the state the leading role in the society and economy. In

*Newsday
May 3, 1991
p. 13; Murray Kempton*

fact, European governments are still selling off the inefficient monstrosities that were born from those ideas.

Then the socialists became interventionist liberals, who wanted to create a welfare state. They sought to "level" differences, to tax success, to redistribute property. The rigidity of their government-imposed leveling paralyzed job growth and the innovation of the private sector. That's one reason many European governments today are stuck with unemployment rates above 10 percent. And that's why their publics are raging against the elite grand designs from national academies and favored institutions.

JD FOSTER
- FRANCE 10.3%
- GERMANY 15.1%
CANADA IS REALLY ↑

My opponent is drawn to these views; he and his advisors studied them at Oxford in the '60s. But his plan labels the latest technique for government management as "investment" -- big-time government spending directed by policy planners who want to re-order social and economic arrangements.

My opponent's approach exploits the market, but fundamentally distrusts it. Where the market can be rough-edged, they prefer academic tidiness. Where the market is often unpredictable, they prefer the false certitude of social engineering -- fashioned by a new economic corps of the best and the brightest.

From Santa Monica to Cambridge, my opponents are cranking up their models -- ready to test ^{them out} -- on you.

You can trace our different attitudes to the core of our respective political parties. At the Democratic convention,

DAVID BOAZ
CATO INST.
WASH. TIMES
OP-ED. AUG.
1992

nearly half the delegates were on public payrolls. Our Republican convention, by contrast, was full of small-business entrepreneurs who have built their livelihoods in the private sector, designing and manufacturing and marketing products and services.

And you can trace our contrasting attitudes to our different backgrounds. I spent half my life in private business, building a company from the ground up, trying to make it grow, to create more jobs -- and, as you know, to pay more taxes along the way.

My opponent, on the other hand, chose at an exceptionally early age to run for office, to determine how the people's taxes should be spent -- how to shape people's lives through more government programs. And according to Newsweek magazine, he's already got -- at last count -- 62 new programs for you to pay for. The government unions are popping the champagne corks and bringing out the noisemakers already.

DAVID FELT
EXPOSED

Your choice about who should lead the American economy -- the entrepreneur or the government planner -- comes at a decisive moment in our history -- and in world history.

From Mexico to Eastern Europe, from Russia to South China, command-and-control economies are dismissed as failures. The new era is an era of the individual set free, private enterprise unleashed, bureaucracies shut down.

So we should ask ourselves: As America enjoys an unchallenged stature around the world, why should our country

embrace an economic logic that the rest of the world has at last dismissed?

Well, we shouldn't. But my opponent says we should.

This is the most fundamental disagreement between us: whether the driving engine of growth is entrepreneurial capitalism or government interventionism. But from this one disagreement flow many others, with important practical consequences for the future of our economy, our nation, and your family.

Take our second disagreement -- over the issue of taxes. Our difference arises from his preference for government and my preference for private-sector initiative. And the contrast can be summarized precisely: He wants to raise taxes; I want to cut them.

I believe our tax system is a product of a wartime economy. World War Two forced us to raise large amounts of revenue. We vastly expanded the number of people who had to pay taxes, and set in place high marginal tax rates ^{GRAPH OK / JD FOSTER (5084 CEA)} [[CHECK]]. The demands of the Cold War kept the core of this tax system in place, and even expanded it.

High tax rates created pressure for exceptions -- tax loopholes -- and the discovery and enlarging of loopholes has in turn created a vast service industry of accountants and lawyers and tax specialists, all in the pay of special interests seeking favored treatment.

During the 1980s, we managed to slash the tax on labor -- lowering the price of work and creating 19 million jobs. ^{19.5 (JD FOSTER) 5084 CEA} My opponent calls for raising those marginal rates again. His approach will cut the demand for jobs -- except for lawyers and accountants, of course, who can always figure out more loopholes.

There's a motive behind this madness. My opponent needs the revenue to pay for his social engineering. He needs an intricate tax system as a tool to encourage socially favored, politically correct types of behavior by businesses and families. He neglects to point ^{out} that two-thirds of the people who would see their taxes increase under his proposal are family farmers and small business owners.

My philosophy moves us in the opposite direction. I want to reduce the marginal rates on labor -- and cut taxes on savings and investment. Why? It's common sense. When capital is taxed heavily, it becomes scarce -- available only to the wealthy, who need it least of all. But when it is taxed more lightly, it becomes more abundant. The demand for labor increases, wages rise, and unemployment lines shrink. That is the kind of economy I want.

This leads me to our third major difference: government spending.

Again, the contrast couldn't be more plain. He wants to increase government spending; I want to cut it.

The federal government today spends about 24 cents of every dollar of national income -- more than \$1.5 trillion this year.

^{35¢ WITH STATE & LOCAL ADDED TO FED.}
 PER J.D. FOSTER 5084 CEA

354

When you add state and local spending, the figure is xx. So you can see that governments are already spending almost as much of over 1/3 rd the national income as the private sector that actually earns it.

To me that suggests a simple truth: Government is too big and it spends too much.

To my opponent it suggests something else. He has already called for \$220 billion in new spending, on top of the \$1.5 trillion -- so government can lead our economy with new

"investments." [And Newsweek magazine suggests that the actual increase could be triple the amount he has already admitted.]

David Tell has said not to refer to this because it trashes us too

My proposal to reduce the growth of spending has three parts: a cap on the growth of mandatory spending, excluding Social Security; a freeze on domestic spending; and the elimination of 246 programs and more than 2000 projects we don't need and can't afford. I want this discipline backed up with constitutional balanced budget amendment, a line-item veto and my tax return check-off proposal to give you the power to cut the deficit.

P. 32
9/7/92
Rich Thomas



* Paul Gilman (5199) OMB - range of est. # used in public debate in Sen. Clinton
My opponent says he would like to cut a government program, too: the honey bee subsidy -- a subsidy, incidentally, that Senator Gore has voted [[xx]] times to save. Beyond that, my opponent ducks the subject of spending cuts.

Amount of Honey Bee Subsidy

I have already proposed specific cuts in mandatory programs of \$300 BILLION OVER NEXT 5-YEARS.

\$132 billion. But let's not lose sight of the forest for the trees. The trends are clear. Governor Clinton wants to debate

which programs to increase; I want to debate which programs to

Bob Grady -
→ 91 act 18.6
92 10.7
est 93 5.7

blc change in formula

* BOB GRADY
x4742

MARK NESHAM - DEP. DIR. RESEARCH B/P 92
AGENDA 4 RENEWAL 4 B/P ISSUES PAPER

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- Paul Gilman (5179)

- Ron Groswell (4586)

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JANUARY 19 1979

9/17/78 DETROIT SPEECH - AMERICA FOR KENNEDY

cut. He wants to increase government's share of the national wealth; I want to decrease it.

Now, for the fourth defining difference between his plan and my agenda -- opening foreign markets for American goods.

Here in Oklahoma, ~~72,000~~^{65,000} jobs are supported by ~~trade~~^{exports} -- and that number will grow, if we build on our success. Opening foreign markets is central to my agenda. I want lower-priced goods for American consumers, and I know that, given the chance, our businesses will maintain our nation's position as an export superpower.

There are times when my opponent says he favors open trade. Other times, he has second thoughts. And on some occasions -- usually when he appears before protectionist interest groups -- he has no opinion at all. At one such gathering recently, he was asked about our new agreement to open markets in Mexico. His reply was revealing: "When I have a definitive opinion I'll say so."

That indecision could have disastrous consequences. Make no mistake: An indecisive President will produce a protectionist trade policy. Over the past twenty years, Congress has become much more protectionist. Changes in the way Congress operates have significantly increased the power of individual members. And the established special interests have targeted each one -- with a great deal of success. If the President doesn't speak forcefully for the national interest, these localized interest

DAVID
WALTERS
←
USTR

groups will conspire with their clients in Congress to keep out competition altogether.

The marriage of convenience between the special interests and powerful congressmen poses particular dangers to open trade. Our leading-edge entrepreneurs can exploit open markets to the fullest. But they simply don't have the time or money to launch ambitious lobbying efforts in Washington. But the old-line gang know the game well: The weaker their competitive edge in the marketplace, the greater their competition for favors from Capitol Hill. The President must be firmly committed to opening markets -- at home and abroad -- to carry the day.

Frankly, I believe that when Americans shop ^{we} they should give the first look to products marked made-in-the-USA. Our quality revolution has made American products the best in the world. But they will only remain the best if American business opens itself to competition from all comers. Competition gave us our ~~competitive~~ edge, and competition will keep it sharp.] ISN'T THE REDUNDANT? ←

My commitment to open trade has shown concrete results: the North American Free Trade Agreement, and progress toward a new world trade agreement. And, as I outline in my Agenda, I want to forge a network of free-trade agreements around the world. Only an unequivocal commitment to open markets can make this strategy work.

Every time my opponent has been asked to show such a commitment, he has waffled; and his protectionist allies in

Congress will focus his attention on holding back competition for old industries, not capturing markets for new ones.

Our entrepreneurial businesses will need all their energy to focus on the challenge ahead. What they don't need is the federal government peering over their shoulder, second guessing every move. That is the fifth difference between my opponent and me: our attitudes toward federal regulation, mandates and monopolies.

I want to minimize federal intrusion in the working of the marketplace; my opponent sees regulation as he sees taxes and spending -- as a chance to reorder society according to a policy-planner's blueprint.

Of course, I believe firmly in government's obligation to protect the health and safety and rights of its citizens. I fought for both and got them done when others said we couldn't. Both will require new regulations -- but we are proceeding in the most efficient and least burdensome way possible.

Last year, Americans expended 5.3 billion manhours just to keep up with federal regulations. That is why I have ordered a top-to-bottom review of government regulations, to assess each new rule's impact on economic growth. And in my Agenda I have called for adding "sunset" provisions to all new regulations.

Look at a health care -- a case study of our different attitudes toward government regulation. My health care reform will bring health care to those without it by giving them the means to choose the kind of care they want. And it harnesses the

hours of gov't paperwork last yr.

*April 9, 1991
ABC NEWS
MAY 12, 91
HARRISON
JUN 3, 1991
COMMERCIAL
NFI*

forces of competition and economies of scale to control costs.

My opponent, by contrast, says that government will simply issue an edict: Costs shall not rise. And he will order ~~order~~ businesses to provide health care or pay for it -- though he never quite says how. It sounds simple, even seductive.

But that's not the way the world works. His new dictates and taxes won't cure the health care problem; it will just kill jobs. From Warsaw to Prague to Moscow, government price controls have led to one thing: rationing of service. In health care, that means longer lines, inefficient service, and a lower quality of care.


Our difference in approach to government's role shows up across the board.

In child care -- I fought to empower parents to make their own choices from a variety of private sector options, while my opponents wanted a government-knows-best monopoly.

In education -- I'm fighting to give parents scholarships to choose the best schools for their kids, while my opponent bows to the special interests who cling to the government monopoly.

In family leave policies -- I want incentives to give companies, especially smaller ones, the means and flexibility to provide leave, while my opponent ~~just order~~ it from Washington and ignore the workers who need it most.

Lastly, my opponent and I disagree on an issue crucial to small businesses. I believe our legal system is out of control. The litigation explosion has not only damaged our social fabric;

it has discouraged risk-taking and innovation, the life's blood of entrepreneurial capitalism. Americans today spend ^{up to} \$200 billion in direct costs to lawyers -- far more than our competitors in Asia and Europe. 

Again, when it comes to reforming our legal system, the difference is clear: I'm for it. My opponent and the trial lawyers want to kill it.

In fact, one trial lawyer from Arkansas solicited funds for my opponent by writing: "I can never remember an occasion when he failed to do the right thing where we trial lawyers were concerned."

A truly competitive America cannot afford a President who worries about doing the right thing for trial lawyers.

We need to sue each other less and care for each other more.

These, then, are the core differences between my Agenda and my opponent's plan. There are others, but all relate to America's central challenge -- the challenge of securing peace and prosperity in a totally new era.

We may talk about the same issues, but the similarity ends there. My opponent and I hope to take America in very different directions.

He would unite the Presidency and the Congress to achieve one end above all others: more and more government -- it taxes more, spends more, regulates more, encourages more lawsuits, and fails to open markets to the products Americans create.

Those aren't new ideas. They're bad ideas. And they've been tried before.

Protectionism would raise prices. So would unchecked regulation. The surge in spending would fuel inflation -- again. Higher inflation would spike interest rates -- again.

And in response, my opponent and his advisers would let government's clumsy hand dig deeper and deeper in the market place, putting American businesses further and further in the hole.

On July 20, 1988, my opponent nominated Michael Dukakis for President. He praised Michael Dukakis then as a "master of innovation," the architect of the Massachusetts Miracle.

Four STE
Six months later the Miracle was a curse, and Massachusetts teetered toward bankruptcy.

I think America can do without that kind of innovation.

You'd better check closely to see what the "new breed" of Democratic governors are selling -- once you buy it, there are no refunds.

America will change in this new era. But there are some kinds of change America simply can't afford.

I look to a different kind of future. We can build on our strengths. With inflation -- that thief of dreams -- safely behind bars, our entrepreneurs can turn to the challenges they were meant to face: transforming their dreams into wealth, their risk-taking into jobs for all Americans.

And the result won't be the mirage of innovation conjured up by government planners. It will be a wave of genuine innovation and prosperity, created by free men and women, exploiting opportunities unprecedented in our history.

That is the choice we face. So I ask when you make that choice, please consider carefully which candidate's agenda best fits your beliefs, our national heritage, and our hopes for lasting peace and prosperity.

#

(Ferguson/Bunton)
September 15, 1992
7:00 pm
ENID

PRESIDENTIAL REMARKS: CONVENTION HALL
SEPTEMBER 17, 1992
~~XX:XX PM~~ 10 AM
ENID, OKLAHOMA

Good afternoon, everyone.

(Acknowledgments. joke about horse race.)

great

I have come here today to the Bright Star of the Plains to discuss a serious topic -- perhaps the most serious issue Americans face this fall.

I want to speak of our economic future, and of the very real, and very different, choices my opponent and I offer for shaping that future.

(Thurs. Sept. 10, 1992)

Last week in Detroit I released my Agenda for American Renewal. My agenda is comprehensive. It diagnoses the problems we face, and lays out the principles that underlie our approach to those problems.

I conclude my agenda with a list -- 13 actions that I will pursue in the first year of my second term with every ounce of energy at my command.

I have gone into such detail for a simple reason. In the crossfire of a national campaign, differences can sometimes become blurred. But elections are about clear mandates; and a clear mandate from the American people is what I seek in this election. You are entitled to know precisely what I intend to do, and how I intend to do it.

*Washington Times
David Boaz
Cato Institute
Sun. before
Aug. 1992*

*CAROL BROOKINGS
WORLD PERSPECTIVES, INC.
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*→ POTUS HOUSTON GALA
nearly 1/2 of all the
Democratic Convention
delegates are on the public
payroll.*

And I want to pursue a detailed debate for another reason. People are anxious. The changes we see all around us breed uncertainty. But change must not be an excuse for rash judgments. We have the power to select the kinds of changes America will face. And the irreversible mistake would be to grasp change for change's sake, without knowing where change will lead us, or what change will entail in the daily life of every American.

That is why this afternoon I want to lay out the chief distinctions between my opponent and me. These distinctions are philosophical, and they are basic: they color our approaches to every major issue in this election -- from education to health care to the renewal of the American economy.

The first difference I want to discuss is, I believe, the most profound, for it goes to the most fundamental question: what makes our economy grow? Or more precisely, who makes an economy grow?

My answer is: the individual -- the aspirations and ideas of entrepreneurs, and their capacity to make those ideas work. From these aspirations come enterprise, and from enterprise comes the creation of jobs and the creation of wealth.

Our American system of entrepreneurial capitalism is based on opportunity, and it offers this opportunity without regard to rank or social class. Napoleon once said that every one of his privates carried a general's baton in his knapsack.

Entrepreneurial capitalism is based on the belief that every American should have the chance to wield the general's baton.

Now, my opponent, in addressing the fundamental question of how an economy grows, offers a very different answer. The distinction between us is not merely over the role of government in an economy; both he and I agree that government has a role to play.

The distinction is between the nature and extent of government's role. For he sees the government as the catalyst of economic growth; as the spark that lights the tinder of enterprise and invention. Over and above the market decisions of entrepreneurs he places the judgment of government planners and bureaucrats.

Listen carefully to him and his advisers. For most Americans the traditional economic model is the small businessman or -woman, who takes a risk with a nest-egg, offers something new or better to the consumer, and creates jobs and wealth in the process.

But for my opponent and his advisers the ideal is quite different. In their writings they speak often of the "European model," of societies organized from the top-down. The ideal is the government planner -- the public policy-maker who studies charts and graphs in a bureaucratic cubicle, fusses with econometric models, and in so doing flatters himself that he understands the American economy better than the workers and entrepreneurs who actually create it.

I believe that my opponent and his advisers do indeed understand the power of the market -- the market, after all, is the only mechanism that can create the revenues they need to finance their social policies.

But they fundamentally distrust the market. Where the market can be raw and rough-edged, they prefer academic tidiness. Where the market is often unpredictable and risky, they prefer the false certitude of theory.

You can see these different attitudes at work in our political parties. At the Democratic convention, nearly half the delegates were on the public payroll. Our Republican convention, by contrast, was full of small business entrepreneurs who have built their livelihoods in the private sector, designing and manufacturing and marketing products and services.

And you can trace our different attitudes to our different backgrounds. I spent half my life in private business, building a company from the ground up, trying to expand the business, to create more jobs -- and, as you know, (to pay more taxes along the way.) THIS SOUNDS NEGATIVE

My opponent, on the other hand, chose at an exceptionally early age to run for office, to determine how those taxes should be spent, and to shape people's lives through government programs.

This choice about who should lead the American economy -- the entrepreneur or the government planner -- comes at a decisive moment in our history.

From Mexico to Eastern Europe, from Russia to parts of China, command-and-control economies are understood as failures. The new era is an era of the individual set free, private enterprise unleashed, bureaucracies shut down.

So why, as America enjoys an unchallenged stature around the world, should our country embrace an economic logic that the rest of the world has at last dismissed?

My answer is: we shouldn't. My opponent says we should.

This the most fundamental disagreement between us -- about the importance of entrepreneurial capitalism. But from this one disagreement flow many others, with important practical consequences for our economy.

Take the issue of taxes. Our difference could be summarized very easily: He wants to raise them; I want to cut them.

But this afternoon, let me address the issue of what that's so.

Much has been ~~made~~^{SAID/left} this election about the conversion from a wartime economy to a peacetime economy. It is an important discussion, but one major aspect has so far been overlooked. Our tax system itself is a product of a wartime economy; peacetime now offers us the chance to reduce the burden it places on the taxpayer.

* The first income tax was xx percent. The demands of World War One changed all that; and following World War Two, we have kept in place that wartime system of taxation, with its high marginal rates.

Those high rates have engendered pressure for exceptions -- tax loopholes -- and the discovery and enlarging of loopholes has in turn created a vast service industry of accountants and lawyers and tax specialists, all in the pay of special interests seeking special treatment.

My opponent calls for raising those marginal rates still further -- which will only increase the demand for loopholes, and thus the demand for lawyers and accountants. He says these higher rates somehow relate to some undefined notion of "fairness," but he neglects to tell you that two-thirds of the people who would see their taxes increase are family farmers and small business owners.

Those people will already be reeling from Governor Clinton's other tax ideas -- which will lead, for example, to a 7 percent payroll tax for mandatory health care and a one percent tax for training. Taken together, his tax policies amount to a kind of punishment against the entrepreneurial spirit -- against the forces of creativity and dynamism our economy thrives on.

My philosophy moves us in the opposite direction. I want to cut taxes. Why? Again, the answer is experience. In the 1980s, when we lowered marginal rates, closed loopholes, and broadened the tax base, we created xx million jobs -- almost all of them, incidentally, in the small, entrepreneurial businesses that Governor Clinton wants to tax. That's the direction I want us to move in.

** We said 1.5% on Lincoln Speech (Payroll tax)*

(81) 82 (lowered rates and broadened base) (86) 19.5 (JD FOSTER 5084)

base broadened didn't create any jobs - not a happy event

Governor Clinton will not be budged from his higher-tax position, and the reason leads me to our third major difference: spending.

Again, the difference couldn't be plainer. He wants to increase government spending; I want to cut it.

The federal government today spends 24 cents of every dollar of national income -- more than \$1.5 trillion this year. To me that suggests a simple truth: Government is too big and it spends too much.

35¢ (FED/STATE & LOCAL)

... AND ...

5084
JO FORER

add
state &
local
35¢

To Governor Clinton it suggests something else. Apparently he feels \$1.5 trillion isn't enough. He has already called for \$220 billion in new spending -- \$220 billion that his economic planners feel they can allocate more rationally and efficiently than the people who earned it.

My proposal to reduce the growth of spending has three parts: a cap on mandatory spending, excluding Social Security; a freeze on domestic spending; and cuts in 246 programs and more than 2000 projects we don't need and can't afford. Governor Clinton says he would like to cut a government program, too: the honey bee subsidy, though he may have to fight his running mate on this one. Senator Gore has voted to ~~three~~ ² times to save the subsidy.

MARK NESHAM @ RNC 336-
DEP. DIR RESEARCH B/Q 7327

I have laid my proposed spending reductions on the table for all to examine, and I welcome the debate. But let's not lose sight of the forest for the trees. The trends are plain. Governor Clinton wants to debate which programs to increase; I

want to debate which programs to cut. He wants to increase government's share of the national wealth; I want to decrease it.

The question of government's role also affects one of the defining issues of this campaign -- opening markets for American goods -- and here too my opponent's views are different from my own.

[[Insert on Oklahoma jobs supported by foreign trade. I want to build on the kind of success exports have brought to Enid. Opening foreign markets is central to my agenda. I want lower-priced goods for American consumers, and I want American business to make America an export superpower.]

There are times when my opponent says he favors open trade. Other times, he has second thoughts. And on some occasions -- usually when he appears before protectionist interest groups -- he has no opinion at all. [[NAFTA quote.]]

A President doesn't have the luxury of indecision. And when it comes to opening markets, firm leadership is essential. Here's why: Over the past twenty years, Congress has splintered into shifting coalitions at the beck and call of well-financed interest groups. Many of these special interests benefit from protectionism; they see it as much easier than remaining competitive. As a result, protectionist sentiment has overtaken the Congress.

Against this massive protectionist effort to maintain the status quo, our small businesses are outnumbered. It is left to the President to speak against the special interests and for the

interests of our entrepreneurs -- which is in the national interest.

Frankly, I believe that when ^{we}~~they~~ go shopping Americans should give American-made products the first look. American products are the best in the world. But they will remain the best only if American business opens itself to competition from all comers -- competition gave us our competitive edge, and competition will keep that edge sharp.

My commitment to open trade has shown concrete results: the North American Free Trade Agreement; the progress toward a new world trade agreement; and, as I outline ^d in my Agenda, a network of free-trade agreements around the world. Only an unequivocal commitment to open markets will make these possibilities real.

Every time my opponent has been asked to show such a commitment, he has waffled; and his protectionist allies in Congress will not permit him to open those markets that our entrepreneurs will need to thrive. The choice we offer on open markets is the difference between moving forward and standing still. And in the global economy, standing still means falling behind. ✓

In the challenge ahead, small business will need relief from over-regulation by the federal government. This is the fifth difference between my opponent and me.

I believe firmly in government's power to protect the health and safety of its citizens. And there are times when new government regulation is in order. I'm proud of the Clean Air

Act, and the Americans with Disabilities Act. Both of them have required new regulations to clean our air and to bring disabled Americans into the mainstream of our national life.

But it is in the nature of government always to expand its power. The Federal Register -- the publication that lists each year's federal regulations -- has grown to the size of the Manhattan phone book. Only an active, countervailing force can check this tendency, so that the need for sound regulation does not become an excuse for meddling from Washington.

That is why I have called for a top-to-bottom review of all government regulation, to assess each new rule's impact on economic growth. And in my Agenda I have called for adding "sunset" provisions to all new regulations, so that the government's regulatory policies can adapt themselves to changing circumstances. (growth.) There's no reason regulations should live longer than my friend George Burns.

My opponent's attitude to regulation can be seen in his health care proposals. For him regulation is not a necessary evil but a first resort. I have proposed increasing access to health care by making the health care market more efficient -- through ~~larger~~ ^{pooling} pools of ~~xx~~ and increasing competition among private providers.

My opponent proposes ^{to} set up a new government body to regulate costs. Government control of prices, as any East European can tell you, leads to one thing: rationing. In health

care that will mean longer lines, inefficient service, and reduced care.

His health care plan is another instance of Governor Clinton's almost infinite faith in the wisdom of government, and his near-total distrust of private decision-making.

Finally, my opponent ^{AND I} disagree on an issue crucial to small businesses: reforming our legal system, putting an end to the frivolous lawsuits that cripple businesses and coarsen our social fabric.

Again, when it comes to reforming our legal system, I can briefly summarize: he's against it, I'm for it.

Our disagreement is revealing. As a former businessman, I understand that growth -- the investment of capital, the creation of jobs -- comes with risk. My opponent doesn't get it. He favors the status quo -- even though Americans today spend ^{UP TO} \$200 billion in direct costs to lawyers. ←

That is a cost a competitive America simply can't afford -- not now, and certainly not in the next decade. But my opponent won't budge. Trial lawyers have fought my efforts to reform the system, and so it's not surprising that they are among the biggest donors to Governor Clinton's campaign.

Veto of Good Samaritan law. Quote.

We would be a lot better off if sued each other less and cared for each other more.

These, then, are my core differences with Governor Clinton. There are others, but all relate to America's central challenge -

- the challenge of securing peace and prosperity in a new era, unlike any other our nation has seen.

I (think my opponent and I both) recognize this as our great challenge. I think that's why we address ourselves to the same topics.

But don't let that similarity fool you. Though we discuss the same things, we hope to take America in very different directions.

My opponent would unite the power of the Presidency and the power of the Congress in the service of a larger government that taxes more, spends more, and reneges on its obligation to open markets to the products Americans produce.

Those aren't new ideas. They're bad ideas. And they've been tried before.

Together with the higher prices protectionism would bring, unchecked spending and draconian regulation will fuel inflation -- again. Higher inflation will spike interest rates -- again.

And in response government's clumsy hand will meddle even more in the market place, and handicap business more and more severely.

In 1988, my opponent nominated Michael Dukakis for President. He praised Michael Dukakis then as a "master of innovation," the architect of the Massachusetts Miracle.

July 20, 1988
NOMINATED BY
CLINTON

Four months later the Miracle was in tatters, the state was on the verge of bankruptcy.

(NOV. 4, 1988 BOSTON HERALD ARTICLE "WHAT A MESS")

I think America can do without that kind of innovation.

- PUBLIC PERCEPTION WAS WASN'T ANYTHING WRONG BY 89 IN SERIOUS FISCAL PROBLEMS

LEXIS/ NEW ENGLAN - BOSTON HERALD HEADLINE (VPOTUS) 1st Summer "WHAT A MESS"

Gov. Weld
JOHN GREGG
SPEECHWRITER

Of course America will change. But there are some kinds of change America simply can't afford.

I look to a different kind of future, and I have charted our course. We can build on our past strengths. With inflation -- that thief of dreams -- safely behind bars, our entrepreneurs can turn to the challenges they were meant to face: transforming their dreams into wealth, their risk-taking into jobs for all Americans.

And the result won't be the mirage of innovation conjured up by government planners. It will be a wave of genuine innovation and prosperity, created by free men and women, exploiting opportunities unprecedented in our history.

That is the choice we face. I ask when you make that choice, please consider carefully which candidate's agenda best fits your beliefs, our national heritage, and our hopes for lasting peace and prosperity.

#

~~have highlighted these differences today~~

1ST STORY of Level 1 printed in FULL format.

Copyright (c) 1988 The New York Times Company;
The New York Times

November 5, 1988, Saturday, Late City Final Edition

SECTION: Section 1; Page 8, Column 3; National Desk

LENGTH: 678 words

HEADLINE: Bush, Saying 'Every Vote Counts,' May Add Visits to Crucial States

BYLINE: By GERALD M. BOYD, Special to the New York Times

DATELINE: LIVONIA, Mich., Nov. 4

BODY:

Vice President Bush shadowed Gov. Michael S. Dukakis through the Northeast and Midwest today with a relentless attack on his Democratic rival's competence and ideology.

While Mr. Bush preached largely to the faithful in strong Republican areas, his strategists reassessed his schedule for the last 72 hours of the campaign. The Republican Presidential candidate is considering adding appearances in Colorado, California, Illinois and Kentucky and returning to Michigan. Mr. Dukakis has also been campaigning in many of these same closely contested states.

At a stop in this swing area of blue-collar and middle-class voters outside Detroit, Mr. Bush said: "Every vote counts this year. There are no sure things."

Mr. Bush began the day by arguing that his rival had failed to prevent financial woes in Massachusetts and that the failure was indicative of what would happen in Washington if Mr. Dukakis won on Tuesday. Earlier this week, Massachusetts officials reported that state tax collections in October fell short of projections and that the state had been overdrawn at the Bank of Boston by \$190 million.

'What a Mess'

As he spoke at a morning rally in Fairfield, Conn., Mr. Bush brandished a Boston newspaper with a headline reading "What a Mess" to describe the state's fiscal picture.

"My opponent has been saying that this election is about competence, not about ideology," Mr. Bush said, holding up a copy of Wednesday's issue of The Boston Herald. "The Governor says he wants to do for the Federal Government what he's done for Massachusetts, and here is the headline from a Boston paper two days ago and here's what it says: 'What a Mess.'"

"Let me tell you something. This guy has been campaigning on the slogan that he's one of you and that he's on your side. Well, maybe he would be on your side, but I don't think the American people want to be on his side."

(c) 1988 The New York Times, November 5, 1988

The Vice President argued that the Massachusetts situation illustrates how Mr. Dukakis might handle the Federal budget and said that the state 'got into it by overspending.'

'How did he get out of it or try to,' Mr. Bush asked. 'By raising taxes a total of \$180 million this year alone. But he hasn't been able to raise them fast enough and now he's borrowing like mad, writing checks that he doesn't even have enough money in the bank to cover.'

Throughout the campaign, neither Mr. Bush nor Mr. Dukakis has offered a detailed plan for greatly reducing the Federal deficit, which under the Reagan Administration has climbed to a higher level than the deficits of previous administrations combined.

Mr. Bush continued to raise questions about Mr. Dukakis's competence at the day's major event, a parade through downtown Cincinnati that followed one for the city's first-place professional football team, the Bengals. The event was marred slightly by rain. With the Republican nominee's lead in public opinion polls slipping, Mr. Bush has been increasingly trying to portray a possible victory in the context of an ideological mandate.

'These are the days of all these polls and all these weighty commentaries on television, analyzing everything to death,' he said in Connecticut. 'But let me tell you something: The American people are smart. The American people know the facts. And it is the American people who are going to decide this election. And it is the people who are going to decide what this victory means.'

'And what I am asking the people of this great country to give me on Nov. 8 is not just a political victory, but a mandate, for the mainstream values of America.'

Mr. Bush argued that a victory would be a mandate to keep down taxes, get Federal spending under control, provide compassion to the victims of crime, to help make the country a 'kinder and gentler' America, to help kids and to improve the environment.

'And if you give me your vote Tuesday, you're giving me a mandate for realism and seeing the world as it is,' he said. 'I don't think that this is any time to gamble on total inexperience in foreign affairs.'

GRAPHIC: photo of Vice President Bush (NYT/Paul Hosefros)

SUBJECT: Terms not available

LEVEL 1 - 1 OF 4 STORIES

Copyright 1991 Newsday, Inc.
Newsday

May 3, 1991, Friday, CITY EDITION

SECTION: NEWS; Pg. 13
Other Edition: Nassau and Suffolk Pg. 130

LENGTH: 508 words

HEADLINE: Anarchy Spawned by Resentment

BYLINE: Murray Kempton

KEYWORD: SOCIAL CONDITIONS; COLUMN; NEW YORK CITY; GOVERNMENT; POLICE
DEPARTMENT; LAWSUIT; ENVIRONMENT

... millions of dollars." Every public servant seems to tote about the blank subpoenas of his next damage suit as every Napoleonic private soldier was said to carry a marshal's baton in his knapsack.

LEVEL 1 - 2 OF 8 STORIES

Copyright 1988 Educational Broadcasting and GWETA
The MacNeil/Lehrer NewsHour

November 4, 1988, Friday Transcript #3295

LENGTH: 9378 words

HEADLINE: '88 - On the Stump;
On the Campaign Trail;
Terminal Case

MR. LEHRER: Good evening. Leading the news this Friday, going into the last weekend of the Presidential campaign, Vice President Bush talked of a financial mess in Massachusetts, Gov. Dukakis of closing in on Bush in the polls, and the nation's unemployment rate fell to 5.3 percent in October. We'll have the details in our News Summary ...

... struck thousands of computers around the country.

NEWS SUMMARY

Tax rates

(add-on min.
tax)
or more

top statutory rate was 70%
under Carter admin
or more in 79 and
brought that down to
today's rate

Ask

320

Gov. Wicks office

Gov. Arker, & Councilman MA Bankruptcy

CLINTON / QUOTE ON VETD 680 SAMUELSON LAW
KIND RAINING LETTER (WST)
MAJOR EXPORT INDUSTRIES
91 ESTIMATE 78,041 manufacturing jobs tied to exports

✓ XDR JOBS TIED TO TRADE / QUOTE =
Mark Nelson 336-7327

✓ GARY (TWICE) (RAT?)
811
863-8666 Bill Clark
(Greg Kenyan)

✓ GAVE VOTE AGAINST BUDGETARY HONEY BEE

✓ JOBS CREATED IN THE 80s 3492 Nelson Rockefeller
ID Foster 19 million or 21 million and 1m back

~~HOW MUCH WAS THE FIRST-EVER INCOME TAX (YEAR) 1912~~

GROWTH OF FEDERAL PERS.
WST - EDITORIAL
MAN HOURS
BURDEN PLACES ON PEOPLE
COMPARATIVE NOW / 20 YEARS AGO
called Ramona

✓ Ramona 2816 MARK SAMUELS (6224)

Glynn Estep - Fed. Reg.
 Ruth Ponticus 523-3187

last yr. -

'74

INFO - Ron Kelly 634-6220
 CENTER
 [Regulatory Service Administration works w/OMB]
 ANALYSIS - NO. REPORT % COMPARISONS

Richard Claypool -
 523-4534

[CORRECTION 218 P.]

- Portion is non-regulatory pages

76 - first mo. of '92

of regulatory pages

	Pres. (Prcs)	* Rules	* Proposed Rules	NOTICES	BIAN PAGE	MAN
76	549	12,589	9,325	28,042	6,527	57,072
92	667	16,792	16,761	23,535	9,743	67,716

NEW ICE: Rapper Ice-T asks Time Warner to hold his new album until after the presidential election. 1D.

TODAY'S DEBATE: Clinton's draft record. In USA TODAY's opinion, "Bill Clinton's 1969 draft status doesn't measure up to national problems in 1992." 14A.

▶ "Better for Clinton to reaffirm he opposed Vietnam on moral grounds and own up to the fact he went out of his way to evade military service," says William Hamilton. 14A.

MONEY: Dallas city council rejects \$275,000 ad contract with *Morning News*, citing its minority hiring. 2B.

SPORTS: Andretti is turning to Formula One. 12C.
▶ Chavez, Camacho duke it out for super lightweight. 1,2C.
▶ Clemson-FSU football game drops ACC title hint. 10C.

LIFE: Fall foliage should be spectacular, but summer rain — and there's still time to plan a trip. 1D.

▶ On video, ★★½ *Treasures of the Twilight Zone*. 3D.

WEATHER: Hot in parts of Plains, sunshine with moderate temperatures along Eastern seaboard. 16A.

By John O. Buckley

USA TODAY INFORMATION HOT LINE: 1-900-555-5555

95¢ a minute; list of services, 5D

Inside USA TODAY SECTIONS



Classified 5-7D
Crossword 6D
Editorial/Opinion 14-15A
Lotteries 15C
State-by-state 12A
Stocks 4,6-7B

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OFFER MODEST PAY
aid to small businesses, including cutting corporate tax rate from 15% to 10%

▶ Analyzing and comparing the economic plans, 6A

ECONOMIC MANIFESTO: President's goal' to almost double the nation's

Players win free-agency suit; NFL

By Mike Dodd
USA TODAY

National Football League players gained yardage in their drive for higher salaries and freedom to change teams Thursday when a Minneapolis jury struck down the league's limited free-agency system.

But the game isn't over. The verdict's impact is unclear and both sides claim victory.

A jury of eight women, after deliberating two days, ruled that the NFL's Plan B violated federal antitrust laws.

The plan, implemented by owners in 1989, enabled each team to restrict the movement of 37 players on its roster.

The jury ruled the NFL improperly restricted the eight plaintiffs, but awarded only four of them \$543,000. The eight had sought \$4 million.

Next: The while the seek an inj restrictions of

"We do anything les total victory Jeffrey Kes

Said NFL Browne: "I type victory The USFL antitrust su

Panel rejects rebuilding base

A Senate panel Thursday shot down, 12-8, President Bush's promise to rebuild Homestead Air Force Base.

The Senate may review the decision next week.

While visiting Homestead last week, Bush said he'd save the base, at a cost of about \$800 million.

The Appropriations Committee wants a commission on base closures to decide.

Homestead was on a "short list" of bases to be closed before Andrew hit.

"I don't think we should consider money for defense as a jobs program," said Sen. Harry Reid, D-Nev. Also Thursday:

▶ Ross Perot made a large, but undisclosed contribution while touring the Homestead area.

▶ Some people homeless before the hurricane moved into tent cities.

"I'm going to take what I can," said Mike Blados, who came from Ft. Lauderdale. "If it helps me get on my feet, all power to me."

— Robert Davis

COVER STORY

Andrew a From head — and at

By Deborah and Carol J. USA TODAY

- ▶ Residents depart, 3A
- ▶ 200 mph winds, 3A
- ▶ Where to give help, 2A

HOMESTEAD three weeks rumbled in with everything needed food toilet paper

Since Hurricane Andrew left its trail of devastation, responded with ed outpouring

But sometimes there's too much of a cases of cheap wine. Condoms. Fur-lined Ice skates. Knick-knacks. Romance novel

"Some people were just cleaning out the Lenny Miller, a Miami accountant who sorting donations in hard-hit Dade Co

Please see COVER ST

USA SNAPSHOTS®

A look at statistics that shape the nation

Red tape

The number of pages in the Federal Register — the publication listing federal regulations.



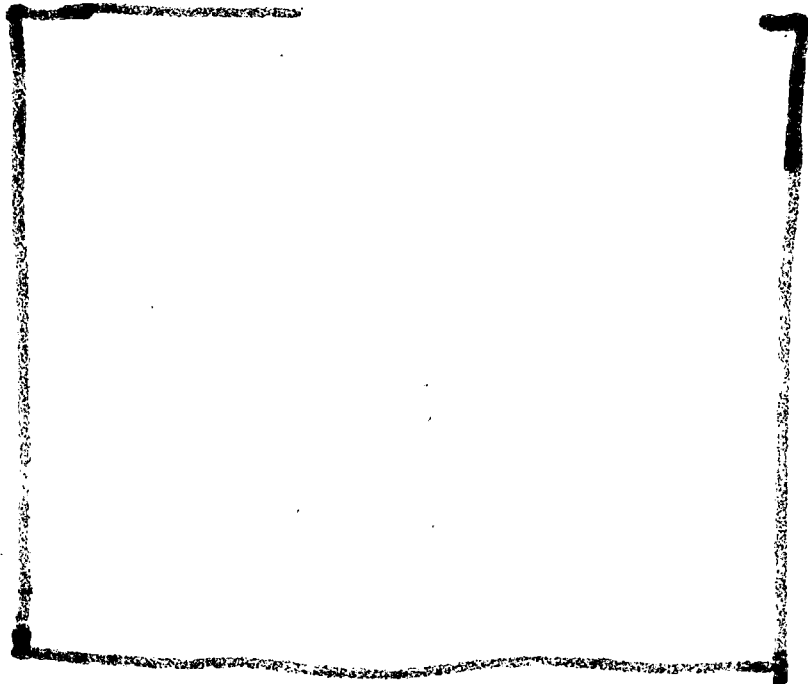
Source: Office of the Federal Register

By Marty Baumann, USA TODAY

For USA TODAY subscription and customer service . . .

USA TODAY, SEPT. 11-13, 1992

looks like Rules: proposed rules (9C) Ruth Pontius @ Fed Reg. 523-3187



DRAFT

September 16, 1992

MEMORANDUM FOR THE PRESIDENT

THROUGH: STEVE PROVOST

FROM: ANDY FERGUSON

SUBJECT: PROPOSED REMARKS TO ENID, OKLAHOMA

I. SUMMARY

On Thursday, September 17th, at 10 a.m. you will deliver remarks to an audience of 2,100 business and community leaders at the Convention Hall in Enid, Oklahoma.

II. DISCUSSION

Your remarks (approximately 12 minutes / teleprompter) are based on your agenda for American Renewal and highlight six distinctions between you and your draft dodging opponent.

Handwritten notes on a pink form:

- AVTD
- FRAG
- # of Regs? added
- 2 FED. REGS
- # OF REGS
- PAGES COMPARED TO
- 20 WRS. AFD
- (GAVIN ESTEP @ FED REGS.)
- 523-5230

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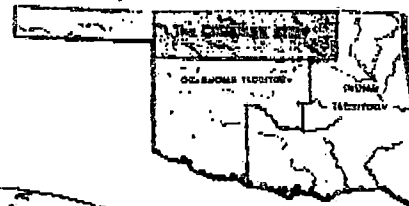
DATE: 15 Sept. 1993

TIME: 2:45 pm

TO: White House Research Staff

FROM: Museum of the Cherokee Strip

PAGES: 3 (including this page)



100th Anniversary - September 16th, 1993

COMMENTS:

FROM 405 237 1948 SEP. 15.92 1:47 PM P.002 GUARANTEE

Museum of the Cherokee Strip
507 S. 4th Street
Enid, Oklahoma 73701-5835
405/237-1907

—ADMISSION FREE—

Open: 9:00 am to 5:00 pm
Tuesday through Friday

2:00 pm to 5:00 pm
Saturday and Sunday

Closed: Monday and State Holidays

This publication, printed in-house by the Oklahoma Historical Society, is issued by the Oklahoma Historical Society as authorized by the Board of Directors. Five hundred copies have been prepared and distributed at a cost of \$.0150 each.

5/91

Oklahoma Historical Society museums and sites are maintained for the education and enjoyment of all interested persons at no charge. Any person who believes benefits have been denied for any reason, including race, color, age, sex, disability, or national origin, may register complaints with the Executive Director, Wiley Post Historical Building, 2100 N. Lincoln Blvd., Oklahoma City, OK 73105, or telephone 405/521-2491.

MEMBERSHIPS

Membership in the Society is open to all persons who are interested in preserving the rich heritage of Oklahoma. Members receive four issues of *The Chronicles of Oklahoma* each year, twelve issues of the newsletter, *Mistletoe Leaves*, discounts on all publications, and invitations to special events. Thirteen members of the Society Board of Directors are elected by the membership. Dues are:

- Individual \$15
- Student/Retired \$10
- Supporting \$50
- Family \$25
- Institutional \$25
- Life \$300
- Benefactor \$500

To join, return this completed form to the Oklahoma Historical Society, Membership Coordinator, Wiley Post Historical Building, 2100 N. Lincoln Blvd., Oklahoma City, OK 73105.

Please accept this application to become a member of the OHS:

Name _____

Type of Membership _____

Amount Enclosed _____

Address _____

City State Zip _____

Phone Number _____

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MEMBERSHIP
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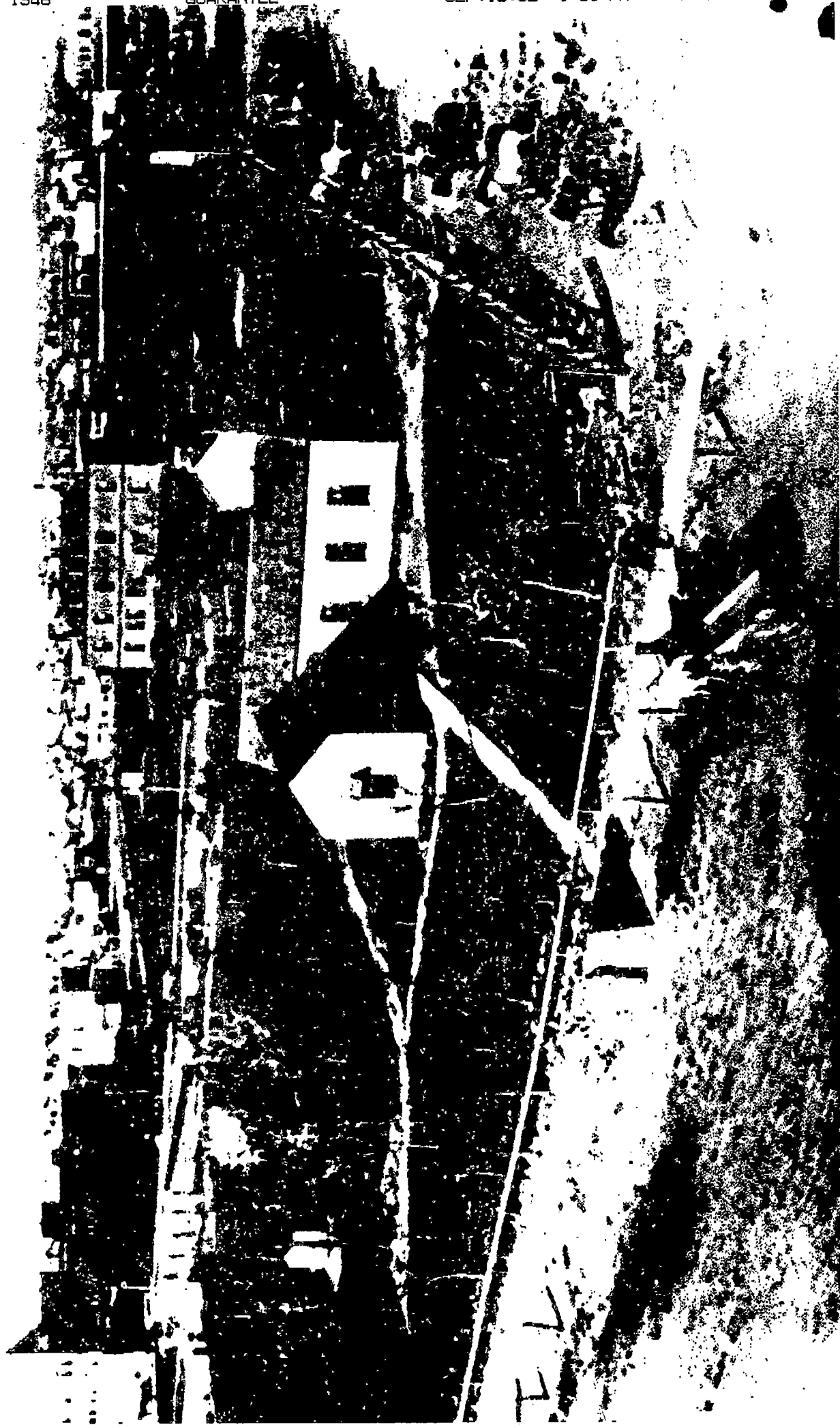


**17 S. 4th Street
mid, Oklahoma**

OKLAHOMA'S largest land run took place on September 16, 1893 with over 100,000 people racing for approximately six-and-one-half million acres in the Cherokee Outlet. The Jerome Commission tried to negotiate with the Cherokee tribe for this land in 1889, but they refused an offer of \$1.25 an acre. At that time the Cherokees were receiving an annual rent of \$200,000 for the area from Cattlemen. In 1892 the President ordered cattlemen out of the Outlet denying the Cherokees the lease revenue. Giving into pressure, the Cherokees reluctantly sold the 6,220,854 acre Outlet on December 19, 1891 for \$8,595,736 -- about one dollar an acre. The Poncas and Tonkawas had also been persuaded to take allotments and open the remaining parts of their reservations to white settlement, adding this area to the land opened in the run.

Although 40,000 1/4 Section homesteads were available, many went away empty handed deciding not to stake claims particularly in the more arid western regions. Homesteads were not to be free. Congress decreed that settlers had to pay fees that ranged from \$1.25 an acre in the western portions to \$2.50 an acre in the east.

Central locations for four land districts were to be located at Perry, Enid, Alva and Woodward. This photograph of probably 1901 shows the Enid town square looking Northwest. The Enid U.S. Land Office is at bottom right; top right is the original Garfield County Courthouse; at lower left is Enid's Post Office; top right with its stockade fence is the County Jail.





September 9, 1992

MEMORANDUM

TO: KATHY SUPER
JOHN KELLER
STEVE PROVOST

FROM: GARY FOSTER *GF*

SUBJECT: SITE SURVEY FOR ENID, OKLAHOMA

Attached is the site survey for the President's trip to Enid, Oklahoma on Thursday, September 17. Once Kathy has the site "scrubbed", implementation can begin.

▲ TRIP COORDINATOR - SHIRLEY
▲ LEAD - BOB MARLOWE
▲ TEAM IN PLACE - 9/12/92
SIGNAL

cc: Bob Zoellick
David Bates
Margaret Tutwiler
Tim McBride
Karen Groomes

✓ HOMESTEAD ACT
✓ KEEP REFERENCES TO HOMESTEAD ACT (CALLED BOB KELLER)
- FAR'S AWAY MOVIE

FAX TO: GARY FOSTER

FROM: DOUG DUVALL

SURVEY REPORT
FROM OKLAHOMA.

PAGE 1 OF 6



September 9, 1992

MEMORANDUM TO: GARY FOSTER

FROM: DOUG DUVALL

SUBJECT: SURVEY REPORT FOR ENID, OKLAHOMA
THURSDAY, SEPTEMBER 17, 1992

EVENT SCENARIO:

The President will travel from Washington, D.C. to Enid, Oklahoma. Air Force One will land at Vance Air Force Base and the President will motorcade 10-15 minutes to downtown Enid. The presidential motorcade will drive through a parade route in Enid's main square. The parade will be open to the public. The parade will conclude at Enid's Convention Hall where the President will give a major address on the economy. The event will be sponsored by the Greater Enid Chamber of Commerce and other local service organizations. After the event, the President will motorcade to a nearby location for a brief Victory 92 fundraiser before returning to Vance Air Force Base for his departure for Atlanta, Georgia.

EVENT PROPOSAL:

Enid, a city with a population of over 50,000, is located in the heart of Garfield County. Garfield is one of the top five Republican countiess in the state. Much of the county's economy is based on agriculture (wheat farming, ranching) and energy.

PARADE ROUTE

Downtown Enid has a strong image of "small town America" with its courthouse in the center surrounded by small stores, restaurants and banks. Its wide streets and sidewalks are very conducive for a parade. I propose the motorcade drive north on Grand, east on Randolph (in front of the courthouse), and south on Independence to the Convention Hall. The Convention Hall is on the corner of Independence and Cherokee. The parade route could certainly be extended if crowd estimates seem large.

There is also a gazebo in front of the courthouse. An emcee, a country western band, and other local entertainment could perform from that central area. The emcee could "hype up" the crowd in anticipation of the President's arrival. A press platform could be built across the street from the gazebo with the courthouse and a flag-waving crowd as the backdrop.

The Greater Enid Chamber of Commerce is having a parade this Saturday in honor of the Celebration of the Cherokee Strip Land

(Sept. 12th)

To All:
Ms. Note) this
is not a parade
per se, but
rather just
lining off the
H-code route
with those
who can
not be
accommodated
in the
over
KHS
9/10
7:15

1893

Rush. On September 16, 1893, thousands of land-seekers, dreamers and budding entrepreneurs made a run on the land of the Cherokee Strip, claiming property and building towns where hours before there was only vacant prairie. Enid, Oklahoma was born on that day and has turned from a tiny prairie town into a cultured city. The President should certainly mention this in his remarks since he will be in Enid exactly 99 years after the city was founded.

The Cherokee Strip Days Celebration parade on September 12th will include a centennial wagon, stagecoach, horses, school bands, floats, etc. The Chamber of Commerce said they would be happy to invite back any parade entry we may want to include in the President's parade on Thursday.

CONVENTION HALL ADDRESS

The entire event will be sponsored by the Greater Enid Chamber of Commerce and local service organizations. Enid has the largest membership of Ambucs (American Business Clubs) in the nation. The Chamber also has a close working relationship with the Rotary and Lions clubs. The event will have to be ticketed on a first come first serve basis with a certain allotment designated for the Chamber and other organizations. Members of those organizations should have to come down to the Chamber and pick up tickets themselves. There should be some limit to the amount of tickets each member can receive. This will give us control over who is invited and exactly how many will attend. Obviously, an allotment of tickets must also be made for the GOP.

The motorcade can arrive at the rear of the Convention Hall off Independence Ave. There is a garage door which leads into the back-stage area. There are also dressing rooms suitable for holding rooms. The podium will be on the stage itself which is approximately 3-4 feet above the floor of the basketball court.

The (Convention Hall) is a sports arena which seats 1700. A standing crowd of 500+ could fit on the floor in front of the press platform. The platform could be at a head-on position at center court. The press filing center can be located at the Cherokee Strip Conference Center only a block away. The Conference Center could also be used to pipe the President's remarks to an overflow crowd of several thousand.

The arena is not air conditioned so everyone should be encouraged to dress casual. I visited the arena on a day that was 94 degrees and it was not too warm. The manager feels that the hall can be adequately ventilated by opening windows and doors prior to the President's arrival.

it was probably empty & not lit for TV quality filming!
This needs to be carefully watched + handled creatively.

CONTACTS:

(DINE)

not from area
Neva Hill, Bush-Quayle 92, 405/528-2874

Mark McCord, President, Greater Enid Chamber of Commerce
405/237-2494

tubed sign upside down cattle drovers

Jon Blankenship, Director of Conference Center and Convention Hall
405/234-1919

Jim Ferree, City Manager, 405/234-0400

* Norman Grey, Mayor of Enid

George Storer, Police Chief

= Local C&W BAND

= AUDIENCE - IN COL. 2,100 (MOSTLY BIZ. COMMUNITY)

COURTHOUSE - BUS KIDS IN
12,000 @ PARADE ON SAT.

"Bright Star of the Great Plains" video/presentation
County pop. 55,000

- 2nd largest grain storage area in world
- Community heavily involved w/ defense (Vance Air Force Base)
train pilots (been there 50 yrs.)

Military here revered - really taken them in

large town for area - small enough consider air force family
Mid-America; family oriented values - held dearly

hub for medical services in area 4 ultramodern hospitals

heavy oil & gas production area; promote natural gas

retail hubs for OK -

- big railroad town (

David George claimed to be John Wilkes Booth's birth in same place,

"Every Napoleon writes a letter to carry a message's back in his knapsack."

Murray Kempster

P.13

May 3, 1991

Newsday

MARK SAMUELS
VEEP 6224

REMARKS BY DAVID MCINTOSH
EXECUTIVE DIRECTOR,
PRESIDENT'S COUNCIL ON COMPETITIVENESS
TO THE FORT WAYNE CHAMBER OF COMMERCE
JULY 22, 1992

Good afternoon. First, I'd like to thank the Chamber of Commerce on behalf of Vice President Quayle and the Council on Competitiveness for inviting me back to Indiana. It is my privilege to share with you what's on the agenda for the President's Council on Competitiveness.

It's good to be here in Indiana for two reasons. First of all, it's great to be in the Midwest. I grew up in a small town just 30 minutes North of here, Kendallville. So I appreciate the value of being raised a Hoosier. As the Vice President puts it, the people are nicer, they work harder, and there's nothing better than true, midwestern family values.

In Indiana, we are particularly fortunate to have strong political leadership. Our Senators, Richard Lugar and Dan Coats have made a commitment to the people of Indiana to protect and promote family values. They are working to get our economy growing again -- without putting a burden of new taxes on the working men and women of the Hoosier State. Senator Dan Coats has been a strong supporter of the Vice President's efforts to rid our legal system of excessive legislation. He has co-sponsored our reform legislation and supports product liability reform and medical malpractice reform. Let me say this, Indiana's Senators have been an enormous help to President Bush and Vice President Quayle.

The second reason that I'm glad to be here, is quite frankly, that I'm **not** in Washington.

There has been a lot of criticism leveled at Washington politicians lately. The American people no longer think that unelected Washington bureaucrats know what is best for the nation. Let me tell you -- the American people are right.

Across the country we have seen a resurgence of the "throw the bums out" attitude. It has been growing steadily in reaction to, among other things, run away budget deficits, congressional check bouncing, wasteful spending, unauthorized "perks", and the inability to pass meaningful reform legislation.

President Bush has taken decisive steps to fundamentally reform the way things are done in Washington.

- He has submitted legislation to end special privileges for Congress. It is time that civil rights laws that protect against age, race, sex and disability discrimination apply to Congress just like the rest of the country.
- He has proposed limiting the terms of Members of Congress to 12 years. He has submitted a growth package that would reduce capital gains and other taxes and stimulate economic growth in our country once again. He supports a balanced budget amendment.
- And, he has implemented a moratorium on new regulations since his State of the Union Address in January. He directed the Council on Competitiveness to continue efforts he initiated in the Reagan Administration as Chairman of the Task Force on Regulatory Review to reform the regulatory process and remove excessive red tape and burdensome regulation.

Two Views for the Future

Today, America stands at a threshold that will determine the course our country is to take into the next century. Americans will choose between two competing views of how our society should be organized.

On the one hand, President Bush and Vice President Quayle have strongly articulated the belief in a free market system--a system that promotes individual liberty and freedom for all, that provides economic opportunity and the promise of well-being for everyone who is willing to work and try to succeed, and an economy where competition brings out the best in all of us. This competition will continue to spur America on to be the best country in all the world.

On the other hand, we see the shopworn ideas of central planning and social engineering being repackaged as a new covenant founded on big government. The purveyors of this false covenant promise something to everyone, but fail to mention that the American people will be left to pay the tab. This Trojan Horse is meant to disguise the outdated ideas of environmental extremists, self-appointed consumer advocates, and liberal special interest groups and their allies who man the bureaucracies back in Washington.

But, Trojan Horse or not, these conflicting world views are not new. They were explained by Churchill in his last speech on the hustings:

"Among our socialist friends there is great confusion about private enterprise. Some see it as a predatory tiger to be shot. Others see a cow to be

milked. Only a handful see it for what it really is-- the strong and willing horse that pulls the whole cart along."

These two world views can best be distinguished by their basic premises. The Council on Competitiveness uses four fundamental principles in implementing our assignment from Vice President Quayle.

First, a free market and a competitive economy are the best allies of the American people. Our economy is what made America a world leader, and it is a strong economy that will keep America at the forefront of a rapidly changing global market. Second, there are some times when free markets do not work completely. Individuals can impose costs upon their neighbors such as the pollution that may be sent into the air on one man's property and land onto his neighbor's. In these cases, it may be appropriate for the government to take action to prevent this harm.

However, a third principle is mindful of the fact that, in most cases, government regulation is costly and unnecessary. The less regulation, the less government intrusion into people's lives, the better.

Fourth, the protection of private property is absolutely critical to the success of the free-market system. The principle of private property is one of the fundamental American values that is essential to our free market, capitalist system. Today Eastern Europe and Russia are throwing off their communist systems and adopting notions of private property and free markets. It is ironic that here in the United States we have seen an ever accelerating trend toward taking away private property rights by federal regulation.

The Constitution protects private property rights and says that landowners must be paid just compensation when the government takes their property. It used to be a landowner knew when the government was doing that, because it parked tanks on the land or took and built a runway for an airport. When the government did this, they paid the fair value of the land.

Today, government regulations are not quite so obvious. Regulators come in and say, "You can't use your land for this, you can't use your land for that," or in some cases, "You can't use your land at all, but it's still yours, so we don't have to pay you the money." Well, if you can't use your property, it's as bad as having tanks parked on it or a runway built over it. Now the Supreme Court in Lucas and other decisions has recognized that the landowner does indeed have a constitutional right to compensation for regulatory takings. Perhaps Wayne Shotey, a farmer from Syracuse, Indiana described the problem best when he asked,

"If government can control any of our lands that are privately owned, what keeps them from controlling all? What happens to private property rights?"

Let us contrast these four principles with the fundamental principles of the opponents of the Council on Competitiveness. Probably the best source for these principles can be found in a recent book published by Senator Al Gore entitled Earth in the Balance: Ecology and the Human Spirit.

The guiding principles of those who oppose the Council on Competitiveness stand in direct contrast to the principles we follow.

First, they unabashedly stand for central government planning as opposed to the use of market forces. Free markets stand as a threat to the central planners because they cannot control them. America needs to fully implement command-and-control, top-down decision-making. Government regulation is the preferred option, not the alternative of last resort. And there is no place for property rights.

History has provided us with a clear lesson of the failures of the command and control policies in the former Soviet Union and Eastern Europe. Indeed, history has shown that these countries are not only the worst economic systems in the world, but also have inflicted the most harm to their environment of any countries on the Earth. It is obvious to all of us that the great experiment in communism has failed miserably. The great experiment in central planning and international bureaucracy has failed miserably. It is no wonder, then, that the proponents of these ideas are now forced to use a Trojan Horse of promised moderation in order to have any hope of foisting them upon the American people.

Second, they call, both explicitly and implicitly, for the abdication of democratic lawmaking in favor of multinational treaties. They prefer global bureaucracies, which have no checks and balances, and are not accountable to the people. To them, the "Europeanization" of our society is necessary so that all nations follow the same rules and standards. (And these rules are designed to rig the system so that America pays most of the bill-- as much as \$100 billion, and is placed at a competitive disadvantage.) Only unelected bureaucrats are capable of understanding the problem, and hence able to devise solutions.

Third, they believe that the United States must abandon rational, science-based, decision-making in the promulgation of environmental regulation. Disaster is too imminent to employ benefit-cost analysis. We must sacrifice our very livelihoods to combat even speculative problems. The costs of regulation must

be high to punish us for our past greed.

Fourth, they blame America first -- the American people are the problem. Let me quote to you from one of the most surprising passages of Al Gore's book:

"Again we must not forget the lessons of World War II. The Resistance slowed the advance of fascism and scored important victories, but fascism continued its relentless march to domination until the rest of the world finally awoke and made the defeat of fascism its central organizing principle from 1941 through 1945. But too many ignored the early warnings...

...The world is once again at a critical juncture. A relentless advance is again claiming victims throughout the world, and again courageous men and women are standing in the path of destruction and calling upon the rest of the world to help stop the invasions. But this time we are invading ourselves and attacking the ecological system of which we are a part."

They have met the enemy -- and it's the American worker who toils in a steel mill, the American farmer, and the American small businessman.

The differences that these two approaches will have on the average American's life can be seen in the key reforms for which President Bush has turned to the Council on Competitiveness, chaired by Vice President Quayle, to implement.

Civil Justice Reform

First, we need to reform our civil justice system. As Vice President Quayle asked the American Bar Association, "Does America really need 70% of the worlds lawyers?" Often the lawyers earn 50% or more of the amount paid out in lawsuits. We have proposed over 50 reforms to eliminate incentives for lawyers to file frivolous and excessive lawsuits.

Our reforms will:

- o Free up people from the heavy load of excessive litigation. It stops innovation, shuts down community projects, and ultimately costs consumers.
- o Speed up justice for legitimate claims, by unclogging courts of abusive lawsuits.
- o End the abuse of junk science.

Regulatory Relief

The second major reform the President has tasked the Council on Competitiveness with is stopping excessive regulations.

The burden of excessive Federal regulations on American citizens is enormous. One study shows they cost us \$400 billion per year -- that's \$4,300 per household each year.

Often times, we see regulations that are just plain stupid. They are counterproductive, they don't work, they impose needless headaches and costs on the little guy out there in the real world. And when we see these stupid regulations, we go back to the bureaucrats in Washington and ask them -- "WHY?"

Let me share with you a few choice examples of some of the stupid regulations we see.

Flooding Balcony rule. We call one of them the "flooding balcony" regulation. Anybody who has been involved in construction of apartment buildings knows that when you build a balcony so that the tenants can go out and enjoy the fresh air, you put it about an inch or two lower than the doorway. One of the well-meaning laws we have in Washington is to ensure that the handicapped can have access to buildings.

As the regulators were drawing up the regulations to enforce this act, they realized that someone in a wheelchair would have difficulty getting out onto the balcony. They decided to require that the balconies be raised level with the doorways. This seems like a good idea. But, when we showed it to people who know about building apartments, they came back to us and said, "You really don't want to do this. The first day it rains, everybody's living room will be flooded." So we went back and told the regulators and said, "This is one we don't need."

The Dangers of Showering. Another one of my favorites is an EPA draft study that came across my desk the other day about the inherent dangers of taking showers. It turns out that, because we put chlorine in our water to make it safe, minute amounts of this substance are released when you take a shower. Now before anyone did a reality check, this discovery sent off alarm bells that showers may be hazardous to your health. But fortunately when we looked into it further, we found out it was safe to shower after all.

EPA v. the Tooth Fairy. Not long ago the Environmental Protection Agency declared that extracted baby teeth were considered "hazardous waste" and therefore couldn't be returned by dentists. So much for the Tooth Fairy. They have changed this -- now kids can take home healthy teeth to put under their beds at night.

CAFE. One of the most frustrating examples of stupid regulations are fuel efficiency standards. In the name of a good cause--saving energy and more fuel efficient cars -- Congress has created something called the "Corporate Average Fuel Efficiency" the CAFE standard -- not a new fast food chain.

The consumer doesn't really benefit, because the net effect of this regulation is that consumers are forced to drive smaller cars. Studies have shown that these smaller cars lead to more traffic fatalities and more injuries on our highways. In Indiana alone, this legislation will lead to 22-24 more highway fatalities annually. The Competitiveness Council has lead the charge against efforts by Senator Gore and his cohorts on Capital Hill to make these CAFE regulations even higher. So here we have another example where someone back in Washington thinks he knows what's best for the American family when it comes to buying a car.

Who pays for these regulatory excesses?

American workers, farmers, consumers, small business and, ultimately, the taxpayers pay for these excesses.

- o The American workers pay, when they lose their jobs because regulations force factories to shut down or move overseas.

For example, another problem with the CAFE rules is the effect that these standards have on U.S. auto companies. They put Ford, G.M., and Chrysler at a disadvantage vis a vis their foreign competitors. Of course, this means that American workers here in Indiana, lose their jobs. In fact, because of one provision in this regulation, **U.S. companies** are encouraged to buy **foreign** auto parts in order to avoid the regulatory burden.

I know from personal experience just how important the auto parts industry is to economic growth in communities like your own. When I was a young man, working my way through college, I had a summer job at the Kendallville Foundry. We stoked the cupola, poured the cast iron, and produced the castings that eventually became parts for automobiles manufactured in Detroit. For me, this was a summer job to help pay for college. But for many of my colleagues, the men who worked in that foundry, this job was their livelihood. It allowed them to put bread on the table for their families; buy clothing for their children; and, if they worked hard and saved, perhaps one day help pay for their children to go to college as well. The thought that these jobs would be sent overseas because of federal regulation dreamed up by some uncaring bureaucrat in Washington is unconscionable.

What do the proponents of central planning say about CAFE

regulation? Al Gore, states unequivocally:

"The government must establish higher mileage requirements for all cars and trucks sold in the United States."

He is co-sponsor of the bill to raise the current average from 27.5 mpg to over 40 mpg even though one government study shows that increasing the standard just one mile per gallon would cost 100,000 automobile jobs. To him, the blind pursuit of higher CAFE goals is far more important than the jobs of the workers in foundries like the one at which I worked in Kendallville.

- o Farmers pay when their land is effectively taken out of use through excessive regulations.

Under the Vice President's leadership, the Council is examining proposed changes in the wetlands delineation manual. Last summer we developed a consensus recommendation, which helped put the "wet" back in the wetlands. The Council's consensus proposal struck an important balance -- reaffirming the President's goal of "no net loss" of environmentally important wetlands, while allowing for legitimate land use and ensuring the protection of constitutional private property rights.

For example, Delbert Graft, a farmer from Avilla, Indiana, was involved in a three year legal dispute, forced to spend \$4000 in legal fees, and was forced to make numerous trips to Indianapolis and even Washington. Ultimately, his 7.9 acres of land which were originally worth \$15.8 thousand were devalued to \$0.0.

What do the environmental extremists have to say to the American farmer? Al Gore says, "[T]he productivity of some of our best land is being steadily damaged by those who have no qualms about maximizing short-term gains at the expense of long-term sustainable use." According to Gore, the government knows better than the individual farmer what is in the public interest.

President Bush and the Council on Competitiveness, on the other hand, much prefer entrusting the land to the farmer who has the most incentive to protect the environment on the farm for himself and for his children in future years. The farmer or the bureaucrat in Washington?

- o The consumers pay, when they have to pay higher prices for a product -- or when there are fewer products from which to choose.

Let me give you an example of one of the Competitiveness Council's initiatives that will help consumers: improving

America's drug approval process. While other modern industrial countries have agencies similar to the FDA, most of them approve drugs faster than we do -- and they are doing it without compromising their standards for safety, efficacy, and quality. It takes us an average of 9.75 years to develop a new drug-- Europe and Japan can to the same in 5-6 years. That leads reasonable minds to believe that America can do better, if the bureaucracy would get out of the way and allow doctors to give safe and effective drugs to patients.

We estimate that we will save millions of lives, and billions of dollars, if we adopt 11 specific reforms that Vice President Quayle announced last fall to speed up this process. Already a new treatment for AIDS has been approved under this system of accelerated approval. These reforms will speed up new advances to combat cancer, alzheimer, cystic fibrosis, and many other life threatening diseases.

What do the social engineers have to say on this subject? I am sure they want to speed up lifesaving therapies. However, when faced with the trade off between developing therapies that save peoples' lives or not cutting down trees, it's not so clear. A recent example is the drug taxol that is derived from the bark of the yew tree. Al Gore questions whether it would be appropriate to cut down these trees, even if it is the only way to make a supply of this drug. To him, the trade-off of three trees for a human life is an ambiguous one. To President Bush and Vice President Quayle, it is clear that when it comes to approving safe, effective drugs to treat cancer, AIDS and other life-threatening diseases, if we can do better, we must do better.

- o Small businesses pay, when they are forced to shut down or locate overseas by excessive compliances costs to regulations, and endless redtape.

This last year, the Council reviewed new regulations implementing the Clean Air Act. One of these regulations established a broad new requirement that businesses obtain permits from state and local authorities and the EPA in Washington. Many of you may have read about this in the newspaper, especially since so many in the environmental movement were claiming that we were creating a loophole in the Clean Air Act.

Well, as Paul Harvey says, "let me tell you the rest of the story." The regulation that the Council reviewed doesn't allow one additional pound of pollution to be emitted into the air beyond what Congress provided in the Clean Air Act. Rather, it eliminates unnecessary paperwork and excessive litigation by streamlining the requirements for businesses to obtain permits.

Perhaps more importantly, it exempts many of the small businesses -- such as dry cleaners, printers, small machine shops and others who only had de minimis levels of emissions. They will be spared the huge paperwork requirements and a permitting process that could have held them up for 18 months at a time.

During the review of the permitting regulations, the Vice President received a letter from a Senator on behalf of Intel Corporation, one of the few remaining American computer chip manufacturers. Intel expressed concern that, if the original plan for this permitting regulation went into effect and greater flexibility were not built into the regulation, they would not be able to afford to build a new computer chip plant here in America. This new plant would be one of the cleanest manufacturing facilities of all time. (It has to be, since any minute dust or other particulate would disrupt the delicate manufacturing of this new generation of computer chips.)

Yet excessive regulation threatened to force the company to move this new facility overseas to compete in the world market place. With it would go several thousand American jobs at one of the most environmentally clean facilities ever to be built. So, we at the Council on Competitiveness said let the free market operate. Reduce red tape and excessive regulation, and all America will benefit the economy and protect the environment.

What do the advocates of central planning say? They would be suspicious of such market choices and want the government to choose whether or not these new technologies should be built. This lengthy process of review and approval by bureaucrats back in Washington would have ensured that the American company could not compete in the world marketplace, and therefore, by necessity, would have to build its manufacturing facility overseas.

- o Finally, the taxpayer, pays the bill when local governments are heavily regulated.

Last May the City of Columbus, Ohio submitted a report that outlined the costs of compliance with Federal environmental regulations. Not all Federal regulations, just environmental regulations. Over the next ten years, the city estimates that they will cost over \$1 billion. That's over \$900 per household in Columbus. And the Columbus experience is not unique. I venture to say that cities such as Ft. Wayne, Elkhart, and South Bend will soon be confronted with similar expenses.

That's also \$1 billion dollars that could be used to provide shelter for the homeless or day care services for the poor.

I submit, as does the City's report, that many of those

regulations are **not necessary**. Many of them are not going to have any real impact on the environment -- but they will have a definite financial impact on the towns that are forced to pay for them. With the Federal government asking so much, it is no wonder that many States that in the past could easily balance their budgets -- now have to struggle to do so.

What do the bearers of the Trojan Horse have to offer the American taxpayer? Once again, a page from Senator Gore's book sheds light on their true agenda. He advocates that the best policy in this area is one that imposes huge new carbon taxes on all Americans. He supports legislation by Henry Waxman that would place a tax of \$100 per metric ton of carbon emissions. According to a recent study by the CONSAD Research Corp, carbon taxes of the sort Mr. Gore supports could destroy more than 600,000 American jobs. Another study, conducted by the Department of Energy, found that such a tax would result in an increase of 26 cents per gallon of gasoline at the pump.

Clearly something must be done to stem the tide of more regulations. The President's Council on Competitiveness is here to help the American people regain their freedom and be more competitive at home and abroad.

The Moratorium on New Regulations. The Council is also coordinating the moratorium on new regulation, which President Bush established in his State of the Union speech. President Bush called on all the agencies to conduct a thorough review of their programs. He asked them to eliminate needless, burdensome regulations and accelerate programs which promote economic growth.

Let me share with you a few highlights of these deregulatory initiatives.

Economic Impact of First 90 Days of President Bushes Initiatives.

The Administration estimates that the reforms that it completed in the first 90 days of the moratorium will ultimately save American consumers and workers **\$15 to \$20 billion per year**. This translates into a savings of **between \$225 and \$300 per year for the average family**. These actions will also **increase the amount of available credit by approximately \$15 billion**, making home ownership more affordable and providing the financing necessary for further business expansion and job creation. For a typical family taking out a \$100,000 thirty-year loan pm a new home, for example, these changes could translate into a **\$180 reduction in annual mortgage payments**.

Reducing Costs for Small Businesses. The SEC has taken a

number of actions to eliminate barriers to investment in small businesses. Among many other initiatives, the SEC proposed a regulation to increase from \$500,000 to \$1 million the amount that small businesses can raise through stock offerings without registering with federal regulators.

The IRS imposes approximately \$1 trillion on the private sector each year in the form of administrative costs. In an effort to reduce these costs, the IRS "Simplified the Payroll Tax Deposit System." Presently, many employers must make payroll tax deposits as often as twice a week, usually on different days of the week, and the deposit requirements may change substantially within the same quarter. These changes will not only reduce costs, but they will reduce the number of penalties by up to 20%.

These are just a few highlights of the Administration's activities. As President Bush said when he extended the Moratorium, "This is just a downpayment on savings to come."

Congressional Efforts to Stop Regulatory Relief

In light of these recent successes, you might think that Capitol Hill would respond with a near-unanimous outpouring of support. Think again, the reaction has been just the opposite. For example, the day the Vice President announced the drug approval reforms, we got a letter from three senior Committee Chairman asking us to hold back.

Now there are efforts on the Hill to put a stop to President Bush's plan to cut back excessive regulation. Despite the fact that 83% of Americans believe that we have too many unnecessary and costly regulations, many of our elected representatives want to handicap the President's regulatory reform efforts in a purely political move to stir up trouble in an election year.

Democrats on the Hill have proposed legislation that would zero out \$86,000 in funding for the Council. How ironic -- the one place Congress wants to **cut spending** is for the entity within the White House that the President has given the assignment to cut back excessive regulatory burdens.

Such a bill is clearly unconstitutional. The President and the Vice President are the only elected officials in Washington who represent the entire American People. It is their duty to review regulations to make sure they are in the public interest.

Even more ironic is the fact that many members of Congress have written to the Vice President on behalf of their constituents complaining about excessive regulations. These Congressmen and women claim to be pro-worker, pro-business, and pro-consumer when they go home to their districts. Then they turn around and vote against the Council on Competitiveness --

the chief advocate against bureaucracy and redtape -- when they get back to Washington.

I am sometimes asked how much of a difference can the Council make. Let me relate something that happened to me not long ago, which made me conclude that our efforts are worth it.

When the Council was considering what to do to speed up the drug approval process, we heard from patient groups representing the victims of cancer and other diseases. One young lady, named Susan Tomlinson, represented the Cystic Fibrosis Foundation. She came in and told us about the need to speed up new therapies to treat this life-threatening disease. She said that if we could only speed up the government approval process, therapies that were in the pipeline could offer hope for tens of thousands of Americans who suffer from cystic fibrosis. Then she explained that the average age to which a victim of cystic fibrosis can expect to live is 28 years. She herself was 28 years old. She has cystic fibrosis.

You could have heard a pin drop in the meeting with the Council on Competitiveness. Here was a brave, young woman telling the Vice President of the United States and many members of the President's Cabinet that some of the reforms they were considering were the only hope that she, and others like her, have.

A few months ago, I ran into this young lady and asked her how she was doing. She smiled at me and said things were just great. Since the Council meeting, she has been able to take a new treatment that helps clear away the mucous from her lungs and literally offers her a new breath of life. She is on her way to completing law school and expects many years of normal, happy life.

It is events such as this that make every minute of my job worthwhile. And Suzanne is just one example of the people who are affected by the Council on Competitiveness effort.

Let me say to the people in Indiana -- the workers, the farmers, the consumers, the small businessmen -- who are looking to the Competitiveness Council to stand up and say, "stop!" to the federal regulators. We will fight on. President Bush and Vice President Quayle have only begun the war on excessive, burdensome, and bureaucratic federal regulations. We will stand up to those in Congress who want to protect special interests. We will stand up against those who want to pile more and more regulations onto the back of American workers and American consumers. And to quote President Bush, we will draw a line in the sand and say, "This will not stand."

Thank you and God Bless you.

MARK SAMUELS
VEEP 6224

REMARKS BY DAVID MCINTOSH
EXECUTIVE DIRECTOR,
PRESIDENT'S COUNCIL ON COMPETITIVENESS
TO THE CLEAN AIR ACT ADVISORY COMMITTEE
WASHINGTON, D.C.
MAY 27, 1992

Good afternoon. It is a privilege to address such a distinguished and knowledgeable group. I am certainly grateful to Bill Rosenberg for giving me this opportunity.

First of all, let me thank each of you for your contribution to the Administration's efforts to implement the new Clean Air Act. Working together with you, EPA will be able to carry out the ambitious CAA program -- a program backed by this Administration to ensure dramatic improvement in air quality for all Americans.

I want to give you some idea of what the Council on Competitiveness is, how it fits within the Administration's overall regulatory review process and how it is carrying out the President's regulatory relief agenda. In particular, given your interest in the Clean Air Act, I will discuss the Council's role in coordinating the implementation of the fifty or more major, new rules that flow from the Act.

The Council was established on March 31, 1989, by President Bush. It is a successor to the Task Force on Regulatory Relief, chaired by then-Vice President Bush. The Council is chaired by the Vice President and is comprised of the Secretaries of the Treasury and Commerce, the Attorney General, the Director of OMB, the Chairman of the CEA, and the Chief of Staff to the President. In addition, for issues relating to programs of particular agencies, the heads of the agencies also sit as full members. Bill Reilly attends, whenever an environmental issue is on the agenda.

President Bush has given the Council on Competitiveness two key assignments. The first is to develop general policy positions that improve US competitiveness at home and abroad.

Civil Justice Reform is an example. Many of you may have seen reports of Vice President Quayle's presentation to the ABA of the Council's comprehensive program proposal for reforming our Nation's civil justice system. Currently, it's a \$300 billion-per-year drain on the Nation's economy. The Council developed a report, the "Agenda for Civil Justice Reform in America," containing fifty initiatives to unclog the court system and control the rapidly escalating cost of litigation.

Property Rights Protection. The principle of private property is one of the fundamental American values so essential to our free market, capitalist system. Today, Eastern Europe and Russia are throwing off their communist systems and adopting notions of private property and free markets. It is ironic that, here in the United States, we have seen an ever accelerating trend toward taking private property rights by federal regulation.

The Constitution protects private property rights and says that landowners must be paid just compensation when the government takes their property. Now the Supreme Court in First English Evangelical Lutheran Church and Noland has recognized that the landowner does indeed have a constitutional right to compensation for regulatory takings. The Vice President strongly supports that principle and has worked hard to require federal regulators to minimize the taking of private property in federal regulations.

The second major task the President has given the Council on Competitiveness is coordinating the review of regulations. You are all familiar with Executive Order 12291. It requires all agencies to base their decisions on a benefit/cost analysis when they draft new regulations. The mandate is to maximize the benefits to health, safety, the environment, the economy, taking into account the cost to American workers, consumers, and the economy. Of course, the other general Administration goals I mentioned earlier -- avoiding excessive litigation, protecting property rights, as well as, Federalism -- are also important to this review process. OMB is charged with reviewing regulations to make sure the President's policies are accurately reflected. The Council on Competitiveness coordinates this process and serves as a Cabinet level body to resolve policy issues that might arise as a result of the review.

The Vice President has directed the Council to draw on four fundamental premises in implementing these assignments:

1. A free market and a competitive economy are the best means to secure economic growth and environmental protection for the American people.
2. There are times when the market fails to protect the environment and it is then proper for government to intervene in order to protect the public interest.
3. This intervention in the form of regulation does impose real economic costs borne by American consumers, workers, businesses, taxpayers and the public at large. These costs must be minimized whenever possible.

4. When it is appropriate to regulate, we should do so using market-based approaches, that draw on individual incentive to maximize the environmental benefits and minimize the economic costs.

Let me discuss each of these four premises in the context of environmental policy in general and the Clean Air Act in particular.

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

I am reminded of Churchill's last speech on the hustings. "Among our socialist friends there is great confusion about private enterprise. Some see it a predatory tiger to be shot. Others see a cow to be milked. Only a handful see it for what it really is -- the strong and willing horse that pulls the whole cart along."

Indeed, a strong, vibrant, free-market economy that creates wealth is also a pre-requisite for a healthy, clean environment. To prove the point, you need only compare the environmental problems of the U.S. and our allies in Western Europe to the environmental devastation that has been wreaked upon the people in the previously communist countries of Eastern Europe and the Soviet Union.

In addition to Chernobyl, one hears reports of natural resources being depleted and the lakes and the streams being poisoned. For example, the formerly blue Danube has turned black and Lake Baikal is a "dead" lake. The air is poisoned by smog and toxic emissions and soil littered with both hazardous and industrial waste. In the territories of the former East Germany, Poland, Czechoslovakia and the Soviet Union, these environmental problems have created serious health hazards - for example, the frequency of various pulmonary diseases among children and adults is many times that of developed Western countries. Infant mortality and life expectancy levels also approach that of Third World countries.

Second, we believe that when there are market failures, there is a proper role for government policies to protect the public interests. In the area of the environment, this means strong government actions. We owe it to ourselves and to future generations to make the world we live in a better place. Ultimately, it is the responsibility of every individual to make sure we have a clean environment. And most of the time he or she will have ample incentive to do so. But, there are times when the environmental harm is not experienced by the person who is polluting (economists refer to these as "externalities"). In

these instances it is appropriate for the government to act on behalf of society as a whole.

President Bush and Vice President Quayle are committed to vigorous policies to clean up the air. This administration has a strong record and has been pursuing a sound and balanced environmental protection policy. As the EPA Administrator Reilly noted in his April 30 National Press Club speech, "By the traditional measures by which Administrations are judged on the environment -- budget support, vigor of enforcement, and new initiatives -- President Bush and the environment both have fared well."

Indeed, most observers believe that, all in all, the quality of the environment in the U.S. has vastly improved over the last decade. The numbers speak for themselves:

From 1980 to 1990: sulfur dioxide emissions have dropped 27%; carbon monoxide emissions are down 31%; ground ozone levels are down 16%; there is a 12% decrease in concentrations of nitrogen dioxide and a 26% decrease in concentrations of particulates; and most impressive, lead emissions fell by 89% from its 1980 levels. Recent experience shows that toxic releases to the air declined even faster. In one year, 1988 to 1989, these emissions dropped 14%.

The Administration has pioneered a number of significant advances in environmental protection.

- o The President's leadership was indispensable in securing the passage of the Clean Air Act Amendments of 1990 -- a feat that both the environmentalists and Congress have been unable to accomplish for over a decade.
- o You are all familiar with key elements of this legislation including a permanent cap of 10 million tons on SO2 emissions that cause acid rain, provisions to reduce toxic air emissions by 90% that will clean up smog in cities across America, and a strong program to encourage the use of alternative fuels.

The third, fundamental principle of the Competitiveness Council is that the intervention in the free market through regulation imposes real economic costs and that these costs must be minimized whenever possible.

According to a recent study by Tom Hopkins at the Rochester Institute the total annual costs of all federal regulations -- environmental and other types -- is over \$400-\$500 billion. Federal regulations end up costing each family over \$4200 per year; by the year 2000, the costs are projected to rise to over

\$4600 per year. Also, as the President noted, "the government generated more than 5.3 billion hours of paperwork last year -- enough to keep 2 million people busy doing nothing but filling out forms." Most economists would agree that the impact of these costs is no different from that of a tax burden of a similar fiscal magnitude.

The Council on Environmental Quality estimates that the US had \$115 billion in expenditures on federal environmental protection per year on programs in place before the Clean Air Act. And, you are all familiar with the estimate of the cost compliance with the Clean Air Act Amendments of 1990 of roughly \$25 billion per year. This estimate assumes the most cost-effective implementation strategy.

It all adds up to roughly 2% of GNP. By contrast, West Germany spends 1.5%, Finland 1.3%, the Netherlands and the U.K. 1.25%, France 1.1% and Norway .8%. This makes the United States one of the world's leaders in environmental expenditures.

Who pays the cost of regulations?

- The consumer pays, when he or she has to pay higher prices for a product or service.

One of the most obvious examples is the price consumers pay for electric utility rates. The industry is heavily regulated under a variety of the CAA provisions, e.g., Titles I, III, IV, V. Depending on how a variety of regulatory issues are resolved, ranging from acid rain-related controls to non-attainment requirements, utilities would have to bear hundreds of millions and even billions of dollars of additional costs. Given the public service nature of utilities, these costs are certain to be included in their rate bases and would be ultimately passed along to various categories of consumers, who use electricity. In the end, the costs of the CAA are passed on to the consumer.

- The American worker pays, when he or she loses a job because regulations force factories to shut down or move overseas.

For example, in a recent letter to the Vice President, Senator Pete Dominici related a story how Intel, one of the largest U.S. chip manufacturers, is agonizing over the issue of where to site its new planned \$1.5 billion facility. They would like to build it in the U.S. However, unless Titles I, III, and V of the CAA indicated they would have sufficient flexibility in operating the facility, the letter indicated they could decide to build it overseas. Significantly, this is not the case of a company trying to avoid environmental responsibility. Everybody agrees that Intel has an excellent environmental record. There is also no question that their facility would be the world's most

modern chip-making installation, and would not be a major polluter. What Intel does need to know, however, is how much flexibility will they have in responding to changes in consumer demand for their product? [DR where do we stand with this? Do we have the letter]

- Small businesses pay, when they are forced to shut down from excessive compliance costs to regulations and endless filing requirements.

Another very real result of excessive regulation is that small business, which provide 66% of workers with their first job, can not afford to open up in new markets because of the increased cost of compliance. In some cases, the existing business are forced to close down.

The flight of business from California is a case in point. According to a May 19 Wall Street Journal article by Philip Verleger, several recent studies indicate that onerous environmental regulations were the primary cause of the manufacturers flight from Southern California. Indeed, Verleger argues that such regulations discourage sighting of enterprises "in two industries that might otherwise might be attractive to Los Angeles enterprise zones: furniture and metal fabrication...the furniture industry faces difficulty because air quality rules limit the use of paints and adhesives. Metal fabrication companies face limits on their emissions."

But the problem is not limited to the problem in CA. For example, the President recently received a letter from Charles Doyle, the mayor of Texas City, TX. The mayor reports that, because of inordinate delays in receiving necessary approvals, Mitsubishi Materials Corporation has abandoned its quest to build a copper smelter in Texas City. The project has been on hold since 1987, and was repeatedly delayed by numerous and redundant permitting requirements. Ironically, the copper smelter would have employed the pollution-free, highly economic continuous smelting process. It would have been good for both the environment and the economy.

- o The taxpayer, pays the bill when local governments are heavily regulated.

Last May, the City of Columbus submitted a report that outlined how much it will cost in order to comply with Federal environmental regulations. Not all Federal regulations, just environmental regulations. Over the next ten years, they estimate that it will cost the City over \$1 billion. That's over \$900 per household in Columbus. That's also \$1 billion dollars that could be used to provide shelter for the homeless or day care services for the poor.

- * Finally, the environment also suffers from ill conceived and unnecessary regulations.

For example, EPA, just last week issued the so-called Wepco rule, which removed a number of existing regulatory impediments to the installation of pollution controls and modernization of electric utility plants. Prior to this change, you had the anomalous situation, in which utilities, in order to avoid being subjected to a costly and burdensome new source review process, were reluctant to make changes in their operations in ways that are clearly beneficial to the environment. Fortunately, this particular regulatory bottle-neck was removed. But many others still remain. For example, we have been told that some facilities would like to use recycled aluminum cans as the raw input to produce new cans. Apparently, this is a much cleaner and more efficient process than smelting raw materials. However, if they have to comply with regulatory requirements applicable to true smelters, it is economically unfeasible.

In addition to economic costs, there are other costs as well. The key problem is that the American people are losing faith in the ability of their government to devise sound regulations. According to a recent poll:

- o 90% of those surveyed believe that consumers ultimately pay the costs of all regulation.
- o 66% are surprised that the costs of environmental regulations are often never considered.
- o 80% think that failing to consider the cost to public in setting environmental regulations is a bad approach.

If these perceptions become entrenched, it might well undermine the social consensus that is essential to the government's ability to provide for environmental protection in the future.

It is because of these higher costs that the Council on Competitiveness insists there be a vigorous cost/benefit analysis for all new regulations. The American people have the right to expect that there be true benefits flowing from new regulations, and that the benefits truly outweigh the cost to society.

The Council's fourth premise is, where regulation are necessary, they should be based on free market principles. Where competition fails to reduce pollution we will regulate. But we will do so in the least intrusive manner to correct the market

failure. Moreover, when it appears that some regulatory strictures are necessary, we try to develop them in ways that are compatible with the imperatives of Federalism, the protection of individual liberty and traditional values.

President Bush, Vice President Quayle and Bill Reilly have championed certain principles that will enable us to obtain environmental protection at the lowest cost to society:

- o Whenever possible, set performance standards and allow business to choose which technology (or which changes in manufacturing processes) to use to meet the standard.
- o Encourage American businesses to implement voluntarily environmental protection measures that also make business sense.
- o To the maximum extent possible, we should rely on market forces.

Instead of prescribing how much pollution should be reduced by each individual business, we prefer to set the overall pollution reduction targets and then allow companies to trade pollution credits. In the acid rain area alone, this approach saves approximately \$1 billion. One example that shows great promise is the South Coast Reclaim Program. Beyond these initiatives, the Administration, building upon its earlier "cash for clunkers" program, is in the process of developing additional trading initiatives. Such initiatives would allow the States, but not force them, to offer trading programs, for example, enabling mobile and stationary sources to trade pollution credits to comply with Clean Air Act requirements. Such trading can be initially done on a pollutant basis; once sufficient scientific basis exists to allow inter-pollutant trading, we would allow it as well.

- o To use innovation, new approaches:

In the process of determining what constitutes the most cost-effective approach to pollution reduction, we are prepared to consider non-traditional measures. It may indeed be the case that pollution minimization/prevention is, in appropriate cases, more cost-effective than adding additional, end-of-the-pipe controls. However, pollution prevention cannot be viewed as a panacea, to be pursued in all circumstances. Nor can it be used as an excuse to allow government bureaucrats to micro-manage industrial production.

We realize, of course, that the use of market based approaches requires the promulgation of certain key principles - accountability (e.g., monitoring, reporting, no double-

counting), quality control and consistency (e.g., establishing proper base-line allocations), and appropriate measures to secure compliance, backed up by strong enforcement procedures.

We believe that it is especially important to approach environmental protection in a way which is compatible with economic growth, because the remaining environmental problems are highly complex and costly to fix. The solutions are uncertain and involve a complicated calculus of benefits, risks and costs. Often, one environmental goal conflicts with another environmental objective. One good idea that this committee could review, which would go a long way of resolving this tension, is the use of multi-media permits. I commend EPA and Amoco for working together on a pilot project designed to test the feasibility of this idea.

Efforts to use market based approaches have shown great promise. As the Administrator Reilly recently pointed out, "In the newly emerging marketplace, the green of environmental protection is beginning to form a ready alliance with the green of profits. A new environmentalism is taking shape in this country; it integrates environment and economics."

I want to commend this committee for your excellent contributions to the development of various innovative, market-based approaches to pollution reduction. I believe that the document that you are discussing today contains useful suggestions on how to organize trading systems. We are committed to working with you and environmental and industry groups to further refine these concepts.

Let me explain how we are applying these four (4) principles as part of the President's regulatory relief initiative. In his State of the Union address, President Bush called on all the agencies to conduct a thorough review of all their programs, and report to him the results. He asked them to eliminate needless, burdensome regulations and to accelerate programs that promote economic growth.

The regulatory relief initiative has already produced a substantial reduction in regulatory burdens. The reforms completed or set in motion since January 28 will ultimately save American consumers and workers roughly \$15 to \$20 billion per year. That is about \$300 per year for the average American family.

EPA's report in general was one of the best efforts at identifying areas where we can continue to accomplish the agencies measures while reducing regulatory costs. While many of the Clean Air Acts regulations are not subject to the moratorium because they have statutory deadlines, this process has allowed us to focus on reducing the cost of these regulations. As part

of the initiative, the Administration has developed several innovative, market-based approaches to reduce the costs of meeting the Clean Air Act's requirements.

- o One such initiative, known as the "Cash for Clunkers," will help businesses meet the tough standards of the Act by giving them emission reduction credits if they take older, high-polluting automobiles off the road.
- o EPA also issued the WEPCO rule that enables electric utilities to avoid the costly new source review process when they install pollution control projects or undertake certain types of routine repairs.

And, as the President indicated, "this is just a down-payment on savings to come." During the next 120 days, each agency is to concentrate on implementing the regulatory reforms identified in the reports that they submitted to the President. The President also instructed all agencies to conduct a rigorous assessment of the costs and benefits of all new legislation being considered by Congress. In this way, we can help restore accountability to the legislative process. The people ought to know the costs of the programs their elected representatives vote into legislation.

Another ongoing effort of the Council is to work with EPA to develop an across-the-board package of initiatives, that would help small businesses comply with environmental regulations. Such initiatives would range from providing technical assistance to small businesses, to streamlining and reducing the burdens of numerous EPA reporting requirements.

These are some of the activities that the Council on Competitiveness has on its agenda for the next 6 months. Again, I thank you for the opportunity to come here and share them with you. Before I close, let me step back and take a broader perspective. President Bush is committed to strong and vigorous enforcement of environmental protection. His commitment to that policy is what led to the enactment of the Clean Air Act in 1990. Bill Rosenberg and his staff at the Air and Radiation Division have been charged with drafting the 50 or more major regulations that will be required to implement this new law. At the Competitiveness Council we have been tasked with making sure that the review of these regulations is coordinated so that two equally important goals can be met:

First, the environmental benefits of the Clean Air Act must be achieved for us and for our future generations.

Second, these benefits must be achieved in a way that minimizes the cost to the economy so that, wherever possible, consumers will not pay higher prices, workers will keep their

jobs, and our economy will flourish.

I am confident that, working with the input and wise counsel of this advisory committee, EPA can fashion the new CAA regulations in a way that meets both of these goals. There will be times when this process reaches an impasse and particular issues appear to be incapable of resolution. We must overcome these difficulties. The American people are counting on us to do that and I am confident that, by working together, we will be able to succeed.

MARK SAMUELS (VEEP CC)
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FED GOV'T REGS - \$400 B.
4,300 / FAMILY

HERITAGE FOUNDATION July 10, 92
GEO. BUSH HIDDEN TAX:
FED. GOV'T SPENDS
\$11.27 BILLION ADMINISTER
ITS OWN REGS.

1991 Fed. Reg 67,716 pages
of ^{new} Regs

Fed. ^{employees.} enforcing regs. - 124,994
(4 thousand more than Carter)
(Lujan, Baker, Riley)

The Thomas A. Roe Institute for Economic Policy Studies

July 10, 1992

MARK SAMUELS
VEEP 0224

Jamie
Hope this
is useful -
M

**GEORGE BUSH'S HIDDEN TAX:
THE EXPLOSION IN REGULATION**

INTRODUCTION

He has erected a multitude of new offices, and sent hither swarms of officers to harass our people, and eat out their substance.

Thomas Jefferson,
The Declaration of Independence

What Thomas Jefferson wrote of King George III might just as well have been written of the federal government under President George Bush. The reason: America has experienced an enormous growth in regulation over the last three years, due almost entirely to legislation signed by Bush, and to the decisions of officials he has appointed. This burgeoning red tape hinders the economy's recovery and jeopardizes future economic progress. President Bush belatedly recognized the explosion of re-regulation on January 28, when he declared a ninety-day moratorium on new regulations and instructed federal agencies to review the efficiency of old regulations. In light of the findings that various government agencies indeed could streamline regulations, the President extended the moratorium for an additional 120 days.

A slowdown in regulation is desperately needed. Under George Bush:

- ✗ The total annual length of the *Federal Register*, in which all new regulations are published, has grown from 53,376 pages in 1988, President Ronald Reagan's last year, to 67,716 in 1991—the third highest total ever.

This study is part of series focusing on the problems of government regulation of the economy, and on policies to improve American competitiveness. Earlier studies on these topics have included: Bryan T. Johnson, "Forging Alliances To Bust Into the Japanese Market," *Background* No. 876, January 31, 1992; Bryan T. Johnson, "Why Bush Failed In Japan," *Executive Memorandum* No. 317, January 13, 1992; Bryan T. Johnson, "Making America More Competitive With Foreign Investment," *Background* No. 864, November 6, 1991; Bryan T. Johnson, "Increasing Competitiveness Through Strategic Alliances," *Background* No. 857, September 26, 1991. Future studies will focus on America's trade policy on dumping, the regulatory process, and relate horror stories of regulatory abuse.

Note: Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

X The number of federal employees devoted to issuing and enforcing regulations has risen from 104,360 in Reagan's last year to a new all-time high of 124,994, surpassing the previous record of 121,706 under President Jimmy Carter.

X The amount of money that the federal government spends each year administering its regulatory programs has increased by 18 percent under Bush, from \$9.558 billion in 1988 to \$11.276 billion in 1992, measured in constant 1987 dollars.

As a result, regulation now is costing Americans somewhere between \$881 billion and \$1.656 trillion annually, or between \$8,388 and \$17,134 per household. By way of comparison, Americans will pay an estimated \$1.053 trillion in federal taxes in 1992, or about \$10,897 per household. Thus, it is possible that the total cost of regulation now exceeds the total cost of taxation.

This surge in red tape did not happen in the face of Administration opposition. In fact, the White House is directly responsible for a good deal of it. For one thing, much of the growth in regulation stems from new laws that were supported and signed by the President, including the Clean Air Act Amendments of 1990, the Americans with Disabilities Act of 1990, the Civil Rights Act of 1991, and the Nutrition Labeling and Education Act of 1990. For another, many of Bush's appointees have been far more enthusiastic about creating and enforcing rules than their predecessors in the Reagan Administration.

Example: Just days after George Bush was sworn in as President, the Army Corps of Engineers and the Environmental Protection Agency (EPA) significantly expanded the scope of federal regulation of wetlands. As a result, thousands of landowners were told that they could not use their own land because federal regulators now considered it to be a wetland protected under the Clean Water Act.

Example: While receiving considerably less attention than the EPA, officials in the civil rights and antitrust divisions of the Department of Justice, and antitrust officials at the Federal Trade Commission, have been expanding the scope of their enforcement activities well beyond that of their predecessors in the Reagan Administration.

Example: The Department of Justice under Attorney General Richard Thornburgh, and the Department of Transportation under Secretary Samuel Skinner, seemed to go out of their way to make their regulations under the Americans with Disabilities Act as onerous as possible.

This new regulatory build-up is taking an increasing toll on the economy. It is like a hidden tax. And just like a tax, regulation:

- ✓ raises the prices paid by consumers;
- ✓ lowers wages and increases unemployment;
- ✓ hurts the country's international competitiveness;

- ✓ increases uncertainty for businesses and reduces investment; and
- ✓ impairs innovation.

In large measure, the growth in regulation and its burden has been due to a failure on the part of the President, Congress, and the regulatory agencies to view regulation properly. In their desire to "do good" in a particular area, they often fail to take sufficient account of the broader consequences of their actions. Even when they consider the costs of regulation, they generally fail to focus on the burdens caused by regulation taken as a whole. In other words, they fail to recognize that the whole is greater than the sum of the parts. To remedy this, government officials must avoid focusing simply on the benefits and costs (let alone on the benefits alone) of each particular regulation viewed in isolation; instead they must weigh the expected benefits of each regulation against its added contribution to the overall burden of all regulation.

THE PURPOSE OF REGULATION

Government regulations ostensibly are intended to protect the public.¹ Proponents of new regulation might claim that they wish, for example, to protect workers from avoidable injuries on the job, or to shield the public from pollution that could endanger their health, or to prevent harm to consumers from defective products. While these goals are admirable, policy makers often fail to ask whether a new regulation will in fact accomplish its goals in the most cost-effective manner. In particular, they may overlook less costly ways to achieve the same result, enabling the public to gain more protection for each dollar spent. They fail to ask whether the costs in lost jobs or slower economic growth that result from regulations are worth the amount of protection that accrues to the public. And they do not fully consider market solutions that will serve the public interest without imposing on the private sector the heavy costs associated with traditional "command-and-control" regulation. When examining regulations, policy makers must take account of their full costs and impact if they are to determine whether the regulations help or harm the public.

The beneficial effects of much regulation are hard to find. Economists Robert Hahn of the American Enterprise Institute and John Hird of the University of Massachusetts at Amherst recently conducted a survey of all existing studies on the benefits and costs of regulation, and found only two major areas in which regulation produces total benefits that probably exceed total costs—environmental regulation and highway safety regulation.² Even in these two areas, there is strong evidence to suggest that equal or greater benefits could be obtained at a substantially lower cost to society.

1 Economists normally distinguish between "economic regulation" and "social regulation." Economic regulation is the regulation of the prices or quantities of the goods or services provided in a particular industry, or of other economic factors such as the number of firms in an industry or the freedom of firms to enter or leave an industry. The term social regulation normally refers to regulation affecting health, safety, or the environment, but generally can be used to describe any regulation that is not economic. Whereas most forms of economic regulation are industry-specific, social regulation usually applies to many different industries.

2 Robert W. Hahn and John A. Hird, "The Costs and Benefits of Regulation: Review and Synthesis," *Yale Journal on*

Uniformly Ineffective. Outside these two areas, regulation has been found to be uniformly ineffective. For example, numerous studies of the regulation of workplace safety by the Occupational Safety and Health Administration have found no significant effect on accident rates, worker injuries, or illnesses.³ Likewise, a 1973 study of the Food and Drug Administration's drug approval process, undertaken by University of Chicago economist Sam Peltzman, found no reduction in the proportion of unsafe or ineffective drugs reaching consumers.⁴ Similarly, numerous studies have found that the Consumer Product Safety Commission has had no significant impact on product safety.⁵ The evidence indicates that the ban on cigarette advertisements on radio and television imposed in 1970 reduced competition between brands—especially by eliminating ads containing health information—and thereby slowed the introduction of new brands lower in tar or nicotine.⁶ Similarly, there is no evidence that civil rights legislation has increased employment opportunities for minorities or women. With the increase in employment-related litigation and record-keeping costs that has resulted from the legislation, it is quite possible that civil rights laws now actually reduce employment opportunities for all people, including minorities.

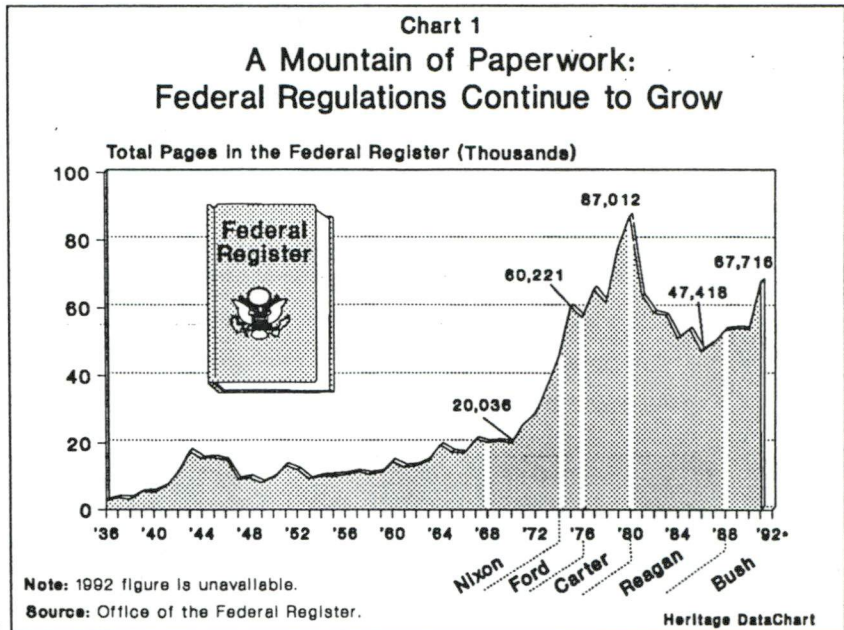
REGULATION FROM NIXON TO REAGAN

The great explosion in federal regulation began when President Richard Nixon created a host of new regulatory agencies, including the Environmental Protection Agency (EPA), the Occupational Safety and Health Administration (OSHA), the Consumer Product Safety Commission, and the National Highway Traffic Safety Administration. Nixon also signed a number of major pieces of regulatory legislation, including the 1970 Clean Air Act and the 1973 Endangered Species Act, and imposed specific controls on areas ranging from noise pollution, to pension programs, to general wages and prices.⁷ The brief Presidency of Gerald Ford continued and expanded the red tape of the Nixon years, although Ford did remove most of Nixon's wage and price controls.

Regulation, Vol. 8, No. 1 (Winter 1991), p. 256.

- 3 W. Kip Viscusi, "The Impact of Occupational Safety and Health Regulation, 1973-83," *Rand Journal of Economics*, Winter 1986, pp. 567-580; Daniel P. McCaffrey, "An Assessment of OSHA's Recent Effects on Injury Rates," *Journal of Human Resources*, Winter 1983, pp. 131-146; W. Kip Viscusi, "The Impact of Occupational Safety and Health Regulation," *Bell Journal of Economics*, 1979, pp. 117-140; Robert S. Smith, "The Impact of OSHA Inspections on Manufacturing Injury Rates," *Journal of Human Resources*, Spring 1979, pp. 145-170; John Mendeloff, *Regulating Safety: An Economic and Political Analysis of Occupational Safety and Health Policy* (Cambridge, Massachusetts: M.I.T. Press, 1979).
- 4 Sam Peltzman, "An Evaluation of Consumer Protection Legislation: The 1962 Drug Amendments," *Journal of Political Economy*, September 1973, pp. 1049-1091.
- 5 See, e.g., W. Kip Viscusi, "Consumer Behavior and the Safety Effects of Product Safety Regulation," *Journal of Law and Economics*, Vol. 28, No. 3 (October 1985), pp. 527-553; Paul H. Rubin, R. Dennis Murphy, and Greg Jarrell, "Risky Products, Risky Stocks," *Regulation*, No. 1 (1988), pp. 35-39.
- 6 John E. Calfee, "The Ghost of Cigarette Advertising Past," *Regulation*, November/December 1986, pp. 35-45; Lynne Schneider, Benjamin Klein, and Kevin Murphy, "Government Regulation of Cigarette Health Information," *Journal of Law and Economics*, December 1981, pp. 572-612.
- 7 The core of what later became the Clean Water Act—the Federal Water Pollution Control Act Amendments of 1972—also became law while Nixon was President, but over his veto.

Jimmy Carter's record was a mixed one. Carter tightened environmental regulations, created the Department of Energy, and tried to impose race and sex quotas on businesses through civil rights enforcement. Yet Carter also championed significant deregulation of air travel, railroads, and trucking. Further, he removed restrictions on the rate of interest that banks and other depository institutions could pay to their depositors, and took the first important steps toward the eventual decontrol of oil prices.



interest that banks and other depository institutions could pay to their depositors, and took the first important steps toward the eventual decontrol of oil prices.

Ronald Reagan proposed relatively little deregulatory legislation. His main legislative strategy was to try to block —usually successfully, through the use or threat of his veto—legislation that would have increased red tape and slowed economic growth. More important, Reagan took steps to reduce the volume of administrative rules issued by government officials. Among the most important actions, Reagan:

- ✗ Issued Executive Order No. 12291, requiring all Executive Branch agencies to estimate the benefits and costs of any new regulations they wished to issue;
- ✗ Designated the Office of Information and Regulatory Affairs (OIRA) within the Office of Management and Budget (OMB) as a central office for conducting all cost-benefit review of regulations;⁸
- ✗ Established a Task Force on Regulatory Relief, headed by then Vice President George Bush; and
- ✗ Appointed to most cabinet departments and independent agencies individuals who favored a reduction in regulation, and significantly reduced the staffing of most regulatory agencies.

⁸ OIRA was created under Carter; Reagan expanded its mission.

RE-REGULATION UNDER BUSH

Although George Bush projects himself as an avid foe of regulation, his Presidency has seen an enormous resurgence of regulation.

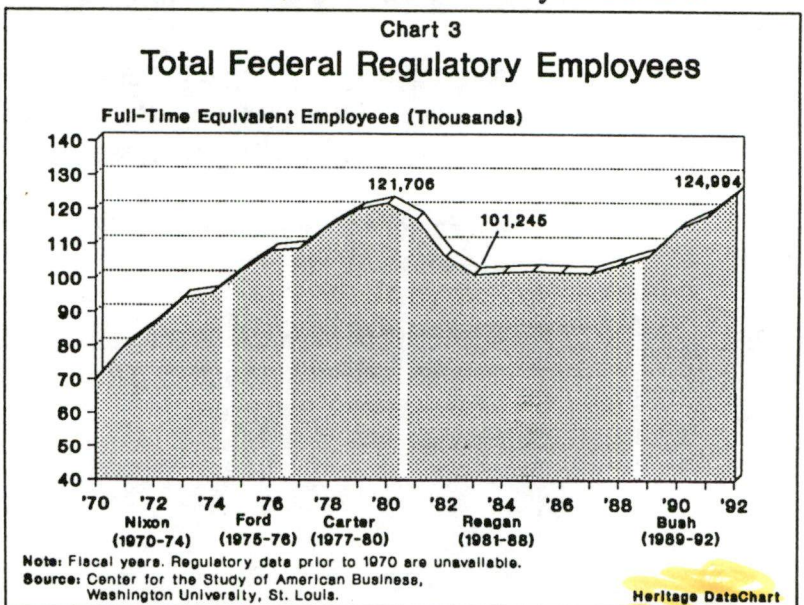
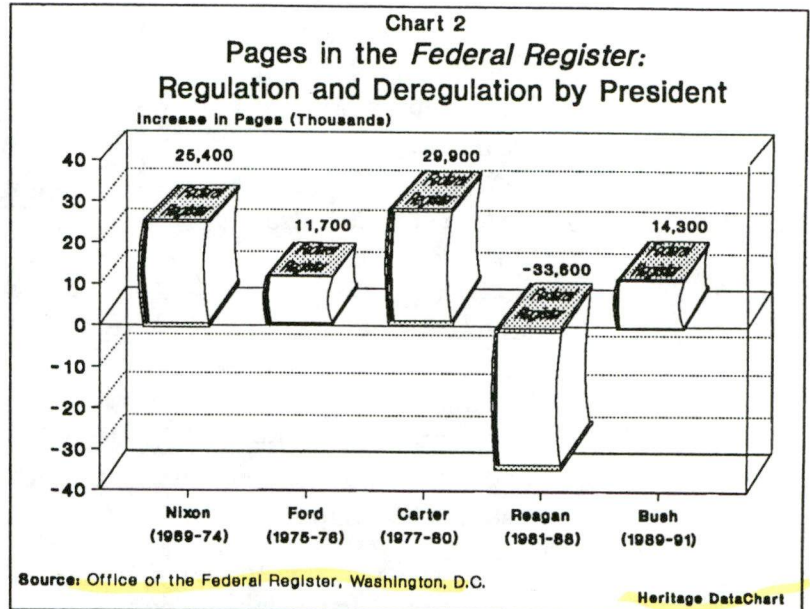
Example: The total annual length of the *Federal Register*, in which all new regulations are published, declined during the eight-year tenure of Ronald Reagan by 33,636 pages, from an all-time high of 87,012 in Jimmy Carter's last year, 1980, down to 53,376 in 1988.⁹ In less than four years, the annual number of pages under the Bush Administration has

risen by 14,340 pages. Last year's total of 67,716 pages was the third highest ever, surpassed by only two of Carter's four years.

Example: The staffing level of federal regulatory agencies has increased sharply. The number of federal employees devoted to issuing and enforcing regulations fell by 17,346 under Reagan, from a then record 121,706 in Carter's last year down to 104,360 in 1988.

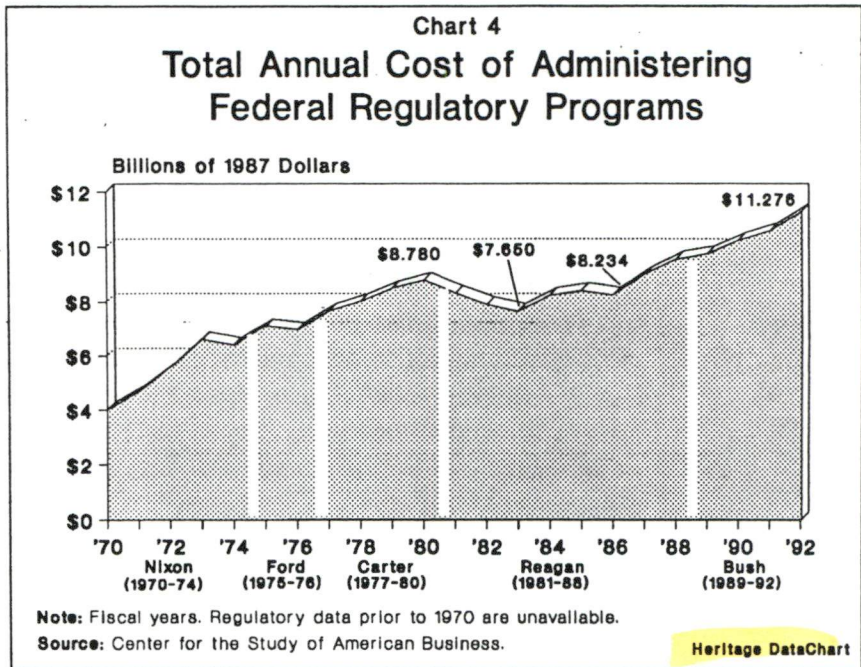
Under Bush, however, 20,634 new bureaucrats have been added, for a new all-time high of 124,994 regulatory employees.

Example: The amount of money that the federal government spends each year administering its regulatory programs also has soared. Measured in constant 1987 dol-



⁹ All figures reported in this study for the number of pages in the *Federal Register* either were obtained from, or else calculated on the basis of data provided by, the Office of the Federal Register.

lars, federal regulatory spending grew by only \$778 million over the entire course of Reagan's two terms in office, rising from \$8.780 billion in Carter's last year to \$9.558 billion in Reagan's last year. Bush, however, has increased federal regulatory spending more than



Reagan, and in only half as much time. In constant dollars, regulatory spending has risen by \$1.718 billion under Bush, from \$9.558 billion to \$11.276 billion.¹⁰

Some of the blame for the growth in regulation under Bush lies with the individuals Bush has appointed. With only a handful of exceptions, these appointees are far more prone to issue regulations and support regulatory legislation than their Reagan predecessors. For example, although EPA Administrator William Reilly maintains he tries not to impose undue regulatory burdens on businesses and households, he and his agency have been at the forefront of the regulatory build-up during the last three years. A case in point: Just days after George Bush had been sworn in as President, the EPA and the Army Corps of Engineers significantly expanded the scope of federal wetlands regulations. Land that had standing water for as little as seven days per year could be subject to federal control as a "wetland," as could land that was dry at the surface but moist within eighteen inches of the surface. In some cases this meant prohibiting farmers from planting crops on their own land and stopping home gardeners from planting flowers. In one case a man was jailed for clearing away old tires and putting fill dirt on his own land as a base for a garage.¹¹ Likewise, officials in charge of civil rights and antitrust at the Department of Justice, and antitrust officials at the Federal Trade Commission, have been quietly expanding the scope of their enforcement activities well beyond that of their predecessors in the Reagan Administration.¹²

I wouldn't use the chart - Shows how weak Bush has been in this area.

¹⁰ All figures reported in this study for federal regulatory staffing and spending either were obtained from, or else calculated on the basis of data provided by, the Center for the Study of American Business, Washington University, St. Louis, Missouri.

¹¹ See William G. Laffer III, "Protecting Ecologically Valuable Wetlands without Destroying Property Rights," Heritage Foundation *Background* No. 840, July 15, 1991.

¹² See, e.g., Charles F. Rule, "Back to the Dark Ages of Antitrust," *The Wall Street Journal*, June 17, 1992, p. A17. Rule was Assistant Attorney General in charge of the Antitrust Division at the Department of Justice from 1986 to 1989.

However, the principal driving force behind the growth in regulation over the last three years has been legislation—legislation which in every major instance has been signed and usually supported by President Bush. Several laws in particular have meant a surge in new regulation.

The 1990 Clean Air Act Amendments

Environmental regulation accounts for the largest share of the recent explosion of regulations. Bush promised during the 1988 campaign to support a new clean air bill, and he was instrumental in securing its passage. Estimates of the cost of the legislation vary, but all are huge. Murray Weidenbaum, former chairman of the Council of Economic Advisors under Reagan and now Director of the Center for the Study of American Business at Washington University in Saint Louis, estimates that the law “will cost an added \$25-35 billion a year, over and above the more than \$100 billion [already] spent annually on all pollution controls.”¹³ Economist Paul Portney of Resources for the Future, a Washington, D.C.-based think tank specializing in environmental issues, estimates that the new law will cost between \$29 billion and \$36 billion a year while providing only about \$14 billion a year in benefits.¹⁴ A spokesman for the National Federation of Independent Business, which represents about a half-million small firms, describes the Act as “probably one of the most complex pieces of regulation... ever passed” and has predicted that the legislation “is going to be a nightmare for small-business people.”¹⁵

The 1990 Americans with Disabilities Act (ADA)

Although described as a “civil rights” bill by its supporters, including President Bush, the ADA does much more than simply prohibit discrimination against the disabled. It also requires owners of private businesses, apartment buildings, restaurants, and stores to make—at their own expense—various physical modifications to their premises, such as widening doorways and installing wheelchair ramps, in order to accommodate the disabilities of current and potential employees, tenants, and customers. Likewise, hotels and auto rental companies must go to the extra expense of including wheelchair lifts on all their new pick-up vans. And similarly, public transit systems are required to install wheelchair lifts on all new buses.

While discrimination against the disabled is contemptible, the ADA has little to do with the prevention of discrimination. As the President’s Council of Economic Advisors has acknowledged, the ADA actually is a mandated benefit program.¹⁶ Rather than providing these benefits openly by spending tax dollars, the government taxes Americans implicitly by commanding private parties to spend their own money.¹⁷

¹³ Murray Weidenbaum, *The New Wave of Business Regulation*, Contemporary Issues Series No. 40 (St. Louis, Missouri: Center for the Study of American Business, December 1990), pp. 3-4.

¹⁴ Paul R. Portney, “Economics and the Clean Air Act,” *Journal of Economic Perspectives*, Vol. 4, No. 4 (Fall 1990), pp. 173-181.

¹⁵ Quoted in Jonathan Rauch, “The Regulatory President,” *National Journal*, November 30, 1991, p. 2905.

¹⁶ *Economic Report of the President* (Washington, D.C.: U.S. Government Printing Office, February 1992), pp. 272-273.

¹⁷ See Nancy Traver, “Opening Doors for the Disabled,” *Time*, June 4, 1990, p. 54.

As with many government regulations, it is questionable whether the benefits that accrue to the disabled from the ADA will be worth the cost. In the case of many enterprises or places of employment in many parts of the country, there might be few or no disabled customers or workers currently facing significant obstacles. In these cases, forcing each business to spend thousands or even hundreds of thousands of dollars to comply with the letter of the law makes little economic sense, and in some cases may endanger the survival of the business.¹⁷ Moreover, Bush Administration officials have made the ADA even more costly than it had to be. In many instances, the implementing regulations require particular methods of compliance even though other methods might be far less expensive yet of greater benefit to the disabled.

Example: Airlines will be required to modify all aisle seats on one side or another of their planes so that people in wheelchairs will have an easier time getting in and out of the seats — even though, on average, only one passenger out of every 25 flights uses a wheelchair. Since the required modifications are expected to cost the airlines somewhere in the neighborhood of \$40 million, it would have been less expensive for the airlines if the government simply had required them to let passengers in wheelchairs fly free-of-charge in the first class section, whose seats already can accommodate a person with a wheelchair.

Example: The Act requires all new buses purchased by public transit systems to be equipped with wheelchair lifts. Thus will raise the price of a new bus by about \$15,000, and will raise the cost of operating and maintaining each bus in a transit system's fleet by about \$5,000 per year. Since the vast majority of riders do not use wheelchairs, it probably would be cheaper for public transit systems to serve disabled passengers with a special fleet of mini-vans equipped with the necessary lifts, which could then give the disabled passengers door-to-door service.¹⁸

While difficult to calculate, the cost of the ADA may even approach that of the 1990 Clean Air Act. Whether or not the ADA ends up surpassing the Clean Air Act in cost will depend entirely on how it is enforced, and the statute gives the regulators enormous leeway.¹⁹ According to Chicago-based economic consultant Robert Genetski, the required physical modifications of office buildings and hospitals alone may cost some \$65 billion. And that figure does not take into account other huge costs, such as the costs of equipping trains, buses, rental cars, restaurants, hotels, or other public facilities.²⁰ In addition to the direct cost of all these modifications, the Act is certain to foster an enormous amount of costly litigation.

The 1991 Civil Rights Act

Ostensibly an attempt merely to restore civil rights law to where it stood before a series of Supreme Court decisions in 1988, this legislation radically changed federal employment discrimination law. It made it easier for employees to sue employers, harder

→17 See Robert P. O'Quinn, "The Americans with Disabilities Act: Time for Amendments," *Cato Institute Policy Analysis* No. 158, August 9, 1991.

18 See Nancy Traver, "Opening Doors for the Disabled," *Time*, June 4, 1990, p. 54.

19 See O'Quinn, *op. cit.*, for a good discussion—with many specific examples—of how open-ended the ADA is.

20 Robert Genetski, "The True Cost of Government," *The Wall Street Journal*, February 19, 1992, p. A18.

for employers to defend themselves successfully—even when they are innocent of any actual discrimination—and more expensive for employers when they lose cases. The new law allows the proportion of workers of various races in an employer's work force to be used as *prima facie* evidence of discrimination, and the employer must prove that he is innocent rather than the plaintiffs proving that he is guilty.²¹

The additional costs due to litigation and fines will act like a tax on employment. With each new job an employer creates, his record-keeping burdens and chances of being sued will increase.²² Even if an employer tries to avoid litigation by using quotas for minorities and women, he can never completely eliminate the risk of being sued over the racial composition of his work force. Moreover, an employer who uses quotas risks being sued for deliberate discrimination by those whom the quota excludes. And even if the employer is lucky enough not to be sued, his work force will be less productive because he was forced to hire by race and sex instead of merit. Thus, no matter which way an employer turns, the cost of creating jobs and employing people will have risen. The end result of the new "civil rights" law is unambiguous: It will cost the economy jobs, lower wages, and make American firms less competitive.

Other Regulatory Burdens

Other legislative initiatives signed by Bush include the 1989 increase in the federal minimum wage, the Nutrition Labeling and Education Act of 1990, the Pollution Prevention Act of 1990, and increased authority for the Securities Exchange Commission (SEC). When all of Bush's regulatory initiatives are added together, and combined with the increased staffing and budgets at the various federal regulatory agencies and the new, more vigorous and far-reaching enforcement policies that have been adopted by so many of Bush's key appointees, it becomes clear that Bush is responsible for an enormous increase in federal regulation. Indeed, according to a *National Journal* article entitled "The Regulatory President," American business under George Bush has experienced "the most imposing over-all extension of regulatory authority since Nixon."²³

TOO LITTLE, TOO LATE

There have been several bright spots in the battle against regulation during Bush's term. Shortly after he was inaugurated, for example, Bush created the Council on Competitiveness, headed by Vice President Dan Quayle. The Council's task is to review

21 See William G. Laffer III, "Why Kennedy-Hawkins Will Mean Quotas," *Heritage Foundation Issue Bulletin* No. 159, July 2, 1990; William G. Laffer III, "Why the So-Called 'Civil Rights' Bill Would Still Mean Quotas," *Heritage Foundation Executive Memorandum* No. 302, June 3, 1991; William G. Laffer III, "The Danforth 'Compromise': Another Quota Civil Rights Bill," *Heritage Foundation Backgrounder Update* No. 168, October 7, 1991.

22 In order to be able to defend themselves in the event that they are sued, most employers now keep detailed records on the race and sex of all job applicants. Such records became even more important for an employer to have after Congress enacted the Civil Rights Act of 1990, yet employers would not have to keep them at all were it not for the civil rights laws.

23 Rauch, *op. cit.*, p. 2905.

major new regulations with a view toward reducing the burden of regulation where possible, and to act as a referee when different Executive Branch agencies disagree.

The Council's staff, however, is quite small. Thus it is able to review only a handful of the annual flood of regulations that the Executive Branch issues. Last year, for example, the Council was actively involved in drafting only some fifty to sixty regulations, whereas the total number of regulations issued by agencies within the Executive Branch was on the order of 2,000 to 3,000.²⁴ Moreover, even when the Council does review an issue, it often must deal with agency personnel who resent having their power to manage the economy questioned or curtailed. Lack of cooperation and sometimes outright resistance on the part of agencies make the Council's task even more difficult and limit its effectiveness.

Bad Advice. Another source of dashed expectations is OMB's Office of Information and Regulatory Affairs (OIRA), the agency responsible for ensuring that new regulations do not cost more than the benefits they provide. Despite the urging of his most loyal advisors, including Vice President Quayle, White House Counsel C. Boyden Gray, and Chairman of the Council of Economic Advisors Michael Boskin, President Bush has failed to give OIRA the support it needs to assure that regulations impose the least burden on the economy. Instead, Bush listened to OMB Director Richard Darman, the same advisor who persuaded the President to break his solemn "no new taxes" promise to the American people, and has refused to appoint a permanent head of OIRA. Because Bush has not given OIRA the support it needs, OIRA has been preoccupied with defending itself against congressional attacks instead of taking the offensive against onerous regulation.²⁵

Some Constructive Reforms. Recognizing the burden that regulation places on the economy, George Bush announced this January 28 a ninety-day moratorium on most new regulations that could hamper economic growth. As part of the moratorium, regulatory agencies were instructed to evaluate their existing regulations and to devise initiatives that would streamline regulation and create jobs and economic growth. A few agencies announced constructive reforms during that period. The Food and Drug Administration, for example, proposed to expedite somewhat its procedures for approving new drugs, and the Securities and Exchange Commission has taken steps to make it easier for smaller businesses to raise capital by selling stock. But as the magnitude of the regulatory crisis became apparent, the original ninety-day moratorium was extended an additional 120 days, through the end of August.

There is only so much that a moratorium of this sort—focused mainly on new regulations—can accomplish. While less new red tape is, of course, a relief for business, the regulations put into place during the last three years continue to burden the economy. Unfortunately, since most of these new regulations have been mandated by legis-

24 Rauch, *op. cit.*, p. 2902. In addition, many regulations are issued each year by independent agencies which are not part of the Executive Branch and hence are not directly answerable to the President or the Council on Competitiveness.

25 William G. Laffer III, "Muzzling OIRA: An Attempt to Thwart Bush's War on Regulations," Heritage Foundation *Executive Memorandum* No. 304, July 15, 1991.

lation, which the President signed, they cannot now be repealed except with the unlikely cooperation of Congress.

THE ECONOMIC CONSEQUENCES OF GROWING REGULATION

Although the amount of money that the federal government spends each year to administer its regulatory programs—nearly \$13.6 billion for 1992—is one of the costs of regulation, it is trivial in comparison with the costs imposed on businesses, private citizens, and state and local governments. For example, a ban on a particular product may cost very little to enforce, and may even entail very little in the way of direct compliance costs for the private sector, such as paperwork requirements or litigation. Yet the full economic cost of the ban might be very heavy in terms of higher prices and reduced choices for consumers.

In order to gauge the true cost of regulation, as well as any increases or decreases in that cost over time, policy makers must look at the full range of effects each regulation has, not just at the direct enforcement and compliance costs. No regulation can be evaluated properly in isolation. Like two harmless chemicals that when mixed create a dangerous explosive, two moderately harmful regulations can result in serious economic damage. The existence of other regulations can make any new regulation more costly than it otherwise would have been. Likewise, adoption of additional regulations can make previously existing regulations more costly than they were before. Thus, the true cost to be considered and weighed against any potential benefits is not the cost that a new regulation would impose in isolation, but the addition that it would make to the burden caused by all regulations taken together.

When regulations are viewed as a whole rather than in isolation, they are seen to act as a hidden tax. This tax takes the form of such things as compliance expenditures, time lost due to paperwork requirements, delays in the processing and issuance of permits required by government, and attorney fees incurred in regulation-related litigation.

Just like any other tax, moreover, regulation imposes broad economic costs on Americans. Among the most important economic consequences:

X Regulation raises prices paid by consumers and thereby lowers living standards.

Regulations impose substantial compliance costs which must be borne by someone. These costs are borne in part by businesses' employees and stockholders. To some extent, however, businesses pass these costs on to their customers in the form of higher prices. Regulatory costs can account for a substantial portion of the total price consumers pay for a product or service—for example, regulation adds up to one-third of the price of a single-engine airplane and over 95 percent of the price of vaccines for children.²⁶

²⁶ Peter W. Huber, *Liability: The Legal Revolution and Its Consequences* (New York: Basic Books, 1988), p. 3.

X Regulation lowers wages and increases unemployment.

Some regulations have a direct and immediate impact on wages and employment. The minimum wage law, federal labor laws, and federal civil rights laws, for example, all tend to increase the cost of employing workers and thereby decrease the levels of wages or employment, and sometimes both. Other regulations affect wages and employment indirectly, but just as significantly. Banking and environmental regulations, for example, both reduce the overall level of economic activity. Each has contributed to the current recession and helped to cause the private sector's loss of some 1.5 million jobs since January 1990.²⁷

In some instances, job losses can be attributed directly to some regulation. Example: Many studies have proven that the federal minimum wage law increases unemployment rates significantly, especially among minorities and teenagers who do not yet have the skills to command a wage higher than the legal minimum.²⁸ Another example: Efforts to protect the spotted owl under the Endangered Species Act have cost thousands of jobs in the logging industry and many additional jobs in communities where logging is the principal industry.

In most instances, however, it will not be apparent that regulation is responsible. This is because regulation of one part of the economy can affect all other parts as well. For example, a recent study in the prestigious *Journal of Political Economy* by economists Michael Hazilla of American University and Raymond Kopp of Resources for the Future found that environmental regulations reduce output and productivity in the finance, insurance, and real estate industries even though these industries produce no pollution themselves and require no direct investment in pollution abatement equipment. Hazilla and Kopp found that all sectors of the economy are affected by environmental regulations. These regulations cause the costs of such inputs to the production process as labor, raw materials, and electricity to rise, and cause savings, investment and capital formation to fall.²⁹

X Regulation increases uncertainty for business and reduces investment.

Regulations reduce the rate of return on investments made in the United States and encourage firms to move overseas. Moreover, the threat of future regulation adds to the economic uncertainty that businesses must face, and hence discourages long-term investment. By changing or reinterpreting the fine print of regulations, for example, government bureaucrats, the courts, or Congress itself can destroy the value of existing

²⁷ David Littmann, "The Cost of Regulation, Counted in Jobs," *The Wall Street Journal*, April 21, 1992, p. A16.

²⁸ See, for example, Peter Linneman, "The Economic Impacts of Minimum Wage Laws: A New Look at an Old Question," *Journal of Political Economy*, Vol. 90, No. 3 (June 1982), pp. 443-469; Daniel S. Hamermesh, "Minimum Wages and the Demand for Labor," *Economic Inquiry*, Vol. 20 (July 1982), pp. 365-380; James F. Ragan, Jr., "Minimum Wage Legislation: Goals and Realities," *Nebraska Journal of Economics and Business*, Vol. 17 (Autumn 1978), pp. 21-28; Robert T. Falconer, "The Minimum Wage: A Perspective," *Federal Reserve Bank of New York Quarterly Review*, Autumn 1978, pp. 3-6.

²⁹ Michael Hazilla and Raymond J. Kopp, "Social Costs of Environmental Quality Regulations: A General Equilibrium Analysis," *Journal of Political Economy*, Vol. 98, No. 4 (1990), pp. 853-873.

investments. Rather than risk making large investments that regulators might make worthless in the future, therefore, businesses have an incentive to shy away from large, long-term investments, and to seek instead shorter-term profits.

The steel industry, for example, is especially sensitive to uncertainty because it requires substantial investments in physical assets that are expected to last for fifty years or longer. But since environmental and workplace safety regulations can have a decisive impact on a steel plant's profitability, it is not surprising that investment in modern equipment by American steel producers faltered in the 1970s relative to that undertaken by their foreign competitors.³⁰

An additional hidden cost associated with this uncertainty is the "political investment" many U.S. industries make in trying to influence the certainty, scale, and share of regulation and other government activity. Estimates of the size of this political investment vary considerably, with most ranging between 3 percent and 12 percent of Gross Domestic Product (GDP), or around \$170 billion to \$680 billion per year.³¹ Whatever the true figure is, only part of it is due to regulation, and it is impossible to tell how much; the rest consists of efforts to obtain special favors in the tax code or a share of government spending. However, all of this political investment represents pure waste—nothing of value is created by it.

X Regulation impairs innovation.

Regulation discourages investment in the development of new technologies, manufacturing processes, and product designs. While this is true to some extent of all regulations and all kinds of innovation, certain particular regulations are especially destructive of particular kinds of innovation. For example, the 1962 amendments to the federal Food, Drug and Cosmetic Act significantly complicated the FDA drug approval process. According to several studies, this doubled the cost of developing drugs in the United States.³² The amendments reduced the number of new drugs approved each year by nearly two-thirds, from an average of 46 new drugs per year before the amendments to an average of only sixteen new drugs per year after the amendments.³³ Judicial regulation through tort law also has hampered innovation and competitiveness in a

30 See, for example, Arthur B. Laffer and Marc A. Miles, *International Economics in an Integrated World* (Glenview, Illinois: Scott, Foresman and Company, 1982), pp. 126-127.

31 Jonathan Rauch, "The Parasite Economy," *National Journal*, April 25, 1992, pp. 983-984.

32 See, e.g., Martin Neil Baily, "Research and Development Cost and Returns: The U.S. Pharmaceutical Industry," *Journal of Political Economy* (January/February 1972), pp. 70-85; Henry G. Grabowski, *Drug Regulation and Innovation* (Washington, D.C.: American Enterprise Institute, 1976); William Wardell, "More Regulation or Better Therapies?" *Regulation* (September/October 1979), pp. 25-33.

33 Steve H. Hanke and Stephen J.K. Walters, "Social Regulation: A Report Card," *Journal of Regulation and Social Costs*, Vol. 1, No. 1 (September 1990), p. 17. Although one might suppose that the 1962 amendments merely prevented the introduction of unsafe or ineffective drugs that previously were slipping past the FDA, the evidence does not support this view. University of Chicago economist Sam Peltzman has found the proportion of ineffective drugs to be the same after the amendments as before. Peltzman, *op. cit.* Under the auspices of the Council on Competitiveness, the Bush Administration recently proposed several measures that would streamline the FDA drug approval process. See Paul H. Rubin, "Regulatory Relief or Power Grab: Should Congress Expand FDA's Enforcement Authority?" Heritage Foundation *Backgrounders* No. 900, June 11, 1992.

variety of industries, including the pharmaceutical industry and the emerging biotechnology industry.³⁴

X Regulation imposes especially heavy burdens on small and medium-sized businesses.

Large firms generally can absorb the cost of complying with regulatory programs more easily than smaller firms. Small and medium-sized firms find it more difficult to afford the high overhead costs of processing paperwork, paying attorney and accountant fees, and committing staff time to negotiating the federal regulatory maze. Indeed, some well-established large corporations sometimes support regulation because, although a new rule may raise costs for all businesses, small competitors will be harder hit or even put out of business.³⁵ Since smaller firms tend to be more innovative and create more new jobs than large firms, the regulation-induced bias in favor of large firms over small firms has the effect of reducing the rate of innovation and new employment.

X Regulation increases federal and state budget deficits.

By reducing overall economic growth, regulation shrinks the tax base and reduces the amount collected by every specific tax. Although the amounts involved can be estimated only roughly, as explained below, the federal and state governments would raise more in taxes each year if the burden imposed on the economy by regulation were lower and the economy expanding faster.

HOW REGULATION CAN REDUCE HEALTH AND SAFETY

Although much if not most social regulation is designed to promote health and safety, many regulations actually do just the opposite. This is by far the most important non-economic cost of regulation.

X Regulation can reduce health and safety and increase mortality in a variety of ways:

Example: Federal drug-approval laws and state tort laws reduce the availability and increase the prices of life-saving drugs and medical treatments.³⁶

34 See, e.g., Peter W. Huber, "Biotechnology and the Regulation Hydra," *Technology Review*, Vol. 90, No. 8 (November/December 1987), pp. 57-65.

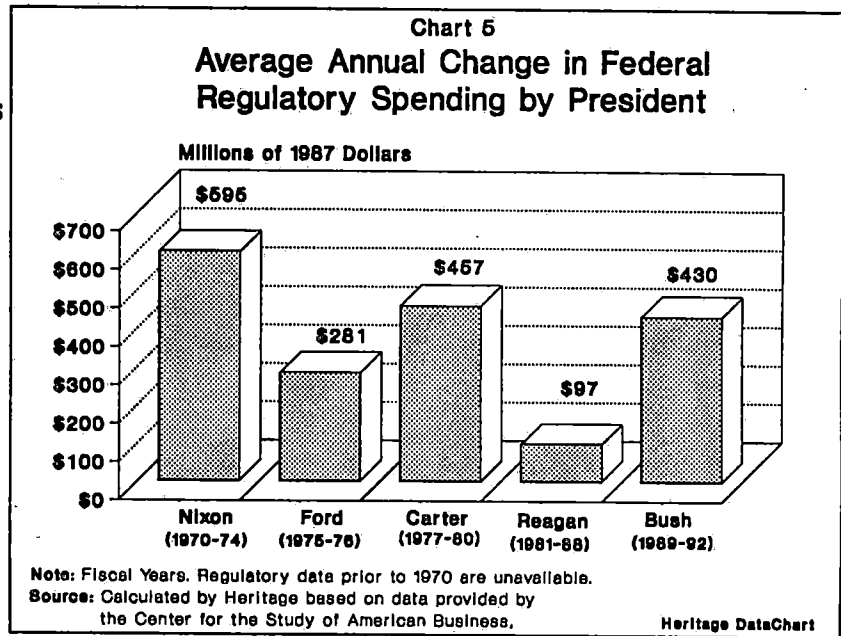
35 See Ann P. Bartel and Lacy Glenn Thomas, "Direct and Indirect Effects of Regulation: A New Look at OSHA's Impact," *Journal of Law and Economics*, Vol. 28, No. 1 (April 1985), pp. 1-25; Ann P. Bartel and Lacy Glenn Thomas, "Predation Through Regulation: The Wage and Profit Effects of the Occupational Safety and Health Administration and the Environmental Protection Agency," *Journal of Law and Economics*, Vol. 30, No. 2 (October 1987), pp. 239-264; B. Peter Pashigian, "The Effects of Regulation on Optimal Plant Size and Factor Shares," *Journal of Law and Economics*, Vol. 27, No. 1 (April 1984), pp. 1-28; B. Peter Pashigian, "Environmental Regulation: Whose Self Interests Are Being Protected?" *Economic Inquiry*, Vol. 23, No. 4 (October 1985), pp. 551-584.

Example: In order to comply with federal fuel economy standards, automobile manufacturers have been forced to reduce the weight of their cars. But lighter cars tend to be less safe than heavier ones. Further, manufacturers are penalized for introducing safety features that might add to the weight of a car. With the fuel economy standard for automobiles at its current level of 27.5 miles per gallon, Robert Crandall of the Brookings Institution and John Graham of the Harvard School of Public Health calculate that between 2,200 and 3,900 more highway deaths and some 11,000 to 19,500 more serious injuries occur over the lifetime of each model year's cars than would have occurred without the standards.³⁷

Example: A proposed law requiring a parent traveling by airline with an infant to purchase a separate seat for the child would make air travel prohibitively expensive for many families and induce families to drive instead of fly. Since flying is far safer than driving, the result would be more infant travel deaths, not fewer.

In these, as in many other cases of well-meaning regulation that imposes costs on a family, it is mainly the poor who suffer the unintended side effects, because poorer families cannot afford to pay the extra money for such things as larger, heavier cars or another airline seat.

Regulation can also reduce health and safety indirectly. Many studies have documented that mortality rates decline in wealthier societies, because these societies have more to spend on healthier and safer products, and on better medical care. Since regulation slows economic growth, it tends to reduce such life-style improvements.



- 36 See, for example, Peltzman, *op. cit.*; Rubin, *op. cit.*, pp. 8-9; Sam Kazman, "Deadly Overcaution: FDA's Drug Approval Process," *Journal of Regulation and Social Costs*, Vol. 1, No. 1 (September 1990), pp. 35-54; Louis Lasagna, "The Chilling Effect of Product Liability on New Drug Development," in Peter W. Huber and Robert E. Litan, eds., *The Liability Maze* (Washington, D.C., The Brookings Institution, 1991), pp. 334-359.
- 37 Robert W. Crandall and John D. Graham, "The Effect of Fuel Economy Standards on Automobile Safety," *Journal of Law and Economics*, Vol. XXXII (April 1989), pp. 111-116. A federal appeals court recently ordered the Department of Transportation to reconsider its 1989 decision not to lower the standard from its current level of 27.5 miles per gallon to 26.5 miles per gallon, but the current standard will still remain in effect until the Department sets a new standard. *Competitive Enterprise Institute v. National Highway Traffic Safety Administration*, 956 F.2d 321 (D.C. Cir. 1992).

In the early 1970s, for instance, when the U.S. economy slowed and unemployment rates rose, mortality rates rose as well. While the relationship between regulatory costs and increased mortality is difficult to quantify precisely, two office of Management and Budget (OMB) economists recently surveyed the relevant literature and estimated that one additional premature death occurs for every \$1.8 million to \$7.25 million of additional regulatory costs imposed on the economy.³⁸ Wealthier truly is healthier.

THE TOTAL COST OF REGULATION

The overall cost of social regulation, which purports to protect health and safety, has risen since the Nixon years. Limited deregulation that took place between 1978 and 1988 in the areas of transportation, energy, telecommunications, and banking,³⁹ did cause the cost of economic regulation to fall for about a decade. Because the decline in the cost of economic regulation outweighed the growth in the cost of social regulation during this period, estimates by Thomas D. Hopkins, former Deputy Administrator of the Office of Management and Budget's Office of Information and Regulatory Affairs, and now a professor of economics at the Rochester Institute of Technology, suggest that the total cost of federal regulation fell by between 15 and 22 percent from 1977 to 1988.⁴⁰

However, because there was almost no major deregulation after 1988, the cost of economic regulation no longer is falling. Meanwhile, the cost of social regulation, particularly in the area of the environment, has continued rising, especially since Bush took office. Taking economic and social regulation together, the total cost of federal regulation has climbed by some 10 percent to 12 percent since 1988, according to Hopkins's numbers.⁴¹ Moreover, if current trends continue, the total cost of federal regulation can be expected to rise by at least another 24 percent by the year 2000.⁴² In fact, the total cost of federal regulation will have returned to its 1977 level by 1997 at the latest. It may even reach this level by the end of this year, depending mainly on how soon and how severely the regulatory costs of the Clean Air Act Amendments and the Americans with Disabilities Act are felt.

38 The existing literature on this point has been summarized in the *Federal Register*, Vol. 57, No. 114 (June 12, 1992), pp. 26005-26009. See also Aaron Wildavsky, *Searching for Safety* (New Brunswick, New Jersey: Transaction Books, 1988) (especially Chapter 3, "Richer Is Sicker v. Richer Is Safer"); Daniel J. Mitchell, "The Deadly Impact of Federal Regulations," *Journal of Regulation and Social Costs*, Vol. 2, No. 2 (June 1992) (forthcoming), pp. 45-56.

39 Although banks by and large have not been deregulated, the federal government did remove its restrictions on the interest rates that banks pay to their depositors.

40 These percentages were calculated based on figures provided by Thomas D. Hopkins in "Cost of Regulation," Rochester Institute of Technology Working Paper, December 1991, Tables 5A and 5B. An abridged version of this paper, which does not contain the various tables, appears in the *Journal of Regulation and Social Costs*, Vol. 2, No. 1 (March 1992), pp. 5-31.

41 *Ibid.*

42 Percentages for the year 2000 were calculated based on the figures provided by Hopkins, *ibid.*, supplemented by Murray Weidenbaum's estimate of the cost of implementing the Clean Air Act Amendments of 1990, provided in Weidenbaum, *op. cit.*, p. 3.

Enormous Cost. To be sure, the precise cost of regulation is extremely difficult to determine. Nonetheless, combining the estimates of different scholars suggests that the direct costs of regulation on the economy currently amount to at least some \$635 billion to \$857 billion per year, or between \$6,565 and \$8,869 annually per household. Even after subtracting the applicable benefits of regulation, using the most generous estimates available, the net direct cost of regulation is some \$364 billion to \$538 billion per year, or between \$3,762 and \$5,561 annually per household. These figures include the costs to businesses and consumers of complying with environmental and other social regulations, the total cost to consumers in the form of higher prices and reduced choices due to economic regulations, the costs imposed by government paperwork requirements, administrative costs due to federal regulation of health care, and the direct costs imposed by state tort law. These figures even include cost estimates for two types of economic regulation which past studies have omitted due to a lack of data—banking regulation, and regulation of electric utilities, although the estimates for banking regulation still omit some important kinds of banking regulation.⁴³

These figures also include a range of estimates for the cost of the Clean Air Act Amendments and the Americans with Disabilities Act. They do not, however, take account of the 1989 increase in the federal minimum wage, the 1991 Civil Rights Act, the 1990 Nutrition Labeling and Education Act, the 1990 Pollution Prevention Act, or the increase in antitrust enforcement activity by the Justice Department and the Federal Trade Commission.⁴⁴ Nor do they include the cost of federal government mandates on state and local governments, or of most forms of state or local regulation.

Most important, the cost estimates given do not include any of the indirect, dynamic effects of regulation. In particular, the figures do not include any estimate of the reduction in productivity and output caused by the direct costs, or of the impact of regulation on technological innovation. While the productivity effects are difficult to quantify and the effect on innovation is impossible to quantify, a number of studies suggest that, taken together, the indirect costs due to reduced productivity and innovation probably are greater than the direct costs counted above.⁴⁵

43 In particular, the cost estimates for banking regulation still do not account for the costs of geographic restrictions, restrictions on banks' products, services and investments, or minimum capital requirements.

44 In fact, these figures do not include any estimate at all of the costs or benefits of antitrust or civil rights laws, even aside from recent statutory or enforcement policy changes.

45 See, e.g., Hazilla and Kopp, *op. cit.*; Dale W. Jorgenson and Peter J. Wilcoxon, "Environmental Regulation and U.S. Economic Growth," *Rand Journal of Economics*, Vol. 21, No. 2 (Summer 1990), pp. 314-340. Both studies show that reductions in labor supply, savings and investment, growth in the capital stock, and output tend to accumulate over time. As a result, under each study the total costs imposed by environmental regulation end up being more than twice as large as the direct compliance costs alone. Indirect support for the notion that total costs are probably at least twice as large as direct costs, conventionally measured, is also provided by a number of studies cited by Hahn and Hird, *op. cit.*, pp. 255-258, dealing with economic regulation in the transportation sector. As the comparison shows, estimates of the costs of transportation regulation made before the partial deregulation that occurred in the late 1970s and early 1980s were consistently and substantially below the levels of benefits that were observed in the aftermath of deregulation.

Assuming instead that the indirect costs only amount to somewhere between 50 percent and 100 percent of the direct costs, it appears that the total cost of regulation, excluding those categories already noted, and net of all benefits, could be anywhere between \$811 billion and \$1.656 trillion per year, or between \$8,388 and \$17,134 annually per household.⁴⁶

The additional cost of between \$447 billion and \$1.118 trillion per year represents the amount by which Gross Domestic Product (GDP) would exceed its current level (\$5.672 trillion in 1991) in the absence of all unnecessary costs due to state and federal regulation.⁴⁷ Some 20 percent of this additional GDP, or approximately \$83 billion to \$216 billion, would go to the federal government as increased tax revenue, thus reducing the federal budget deficit.

As noted previously, the cost figures just presented were net of all applicable benefits. It is important to realize that economists count transfers from one group to another as benefits as well as costs. Thus, for example, if import restrictions on sugar cost consumers \$10 billion per year but enrich American sugar growers by \$8 billion per year, economists treat the \$8 billion as a benefit and subtract it from the \$10 billion gross cost to obtain a net cost of \$2 billion. If transfers are not subtracted as benefits, then the total cost of regulation works out to somewhere between \$1.056 trillion and \$1.969 trillion per year, or between \$10,922 and \$20,376 per household. By way of comparison, Americans will pay an estimated \$1.053 trillion in federal taxes in 1992,⁴⁸ or about \$10,897 per household. Although these estimates are subject to considerable uncertainty, it is quite possible that the total cost of regulation now exceeds the total cost of taxation.⁴⁹

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- 46 Although a regulatory cost estimate ranging between 14.3 percent and 29.2 percent of total Gross Domestic Product may seem high at first blush, it is actually quite plausible. Between one-half and two-thirds of whatever figure one uses represents an estimate of the amount by which GDP would have been greater, in the absence of all unnecessary costs of regulation, than it actually will be, and a considerable portion of the remainder represents losses that are not currently counted in GDP because they do not involve market transactions, such as the time spent preparing one's own tax return, or in an airplane waiting to take off or land because federal regulations do not allow airports to charge market-based takeoff and landing fees. Thus, the percentage of currently recorded GDP that is attributable to regulatory costs is much smaller than these estimates might at first appear to suggest.
- 47 Insofar as some types of regulation—environmental regulation in particular—produce benefits as well as costs, one may not simply assume that all of the costs of regulation can be eliminated. However, even where existing regulations may produce benefits that exceed costs, it often appears that the same or even greater benefits could be obtained at a significantly lower cost by using better-designed, more efficient forms of regulation. Consequently, in calculating the foregoing figures, wherever a regulation appeared to produce net benefits, no cost was counted except the difference (if any) between the actual cost imposed by the regulation in question and the lower cost that would be incurred under a more efficient regulatory scheme. Because the necessary costs of benefit-justified regulation were omitted in calculating net costs, so were the benefits. By definition, the benefits of the regulations in question could have been obtained without incurring the costs that were counted here. Under this approach, the only benefits that need to be subtracted from costs are the benefits of regulations whose benefits are less than costs.
- 48 This figure represents total estimated federal tax receipts for 1992, net of refunds, income from trust funds, earnings of the Federal Reserve System, and other miscellaneous receipts. See *Budget of the United States Government: Fiscal Year 1993, Supplement* (Washington, D.C.: U.S. Government Printing Office, February 1992), Part Five, Tables 2.1 and 2.5.
- 49 Even if one subtracts transfers and only compares efficiency losses, counting the burden of tax-related paperwork

CONCLUSION

The U.S. economy is being strangled by new regulation, much of which has come into being during George Bush's term of office. As a result, the total cost to the economy of state and federal regulation actually may now exceed the total cost of taxation.

In large measure, the growth in regulation and its burden has been due to a failure on the part of the President, Congress, and the regulatory agencies to consider the full cost of regulation. In their desire to do good in a particular area, policy makers often fail to take sufficient account of the broader consequences. Even when they consider the costs of regulation, generally they fail to focus on the burdens caused by regulation taken as a whole.

Much More Needed. Although President Bush often complains about the burden placed on the economy by excessive regulation, only Richard Nixon in the last two decades has done more to add to this burden. Bush, however, is to be congratulated on his moratorium on new Executive Branch regulations. This is a necessary first step in coming to grips with the regulatory crisis. But much more needs to be done. Bush should seek more resources for Vice President Quayle's Competitiveness Council. And he should appoint a dynamic, activist deregulator to head the Office of Information and Regulatory Affairs. Finally, he should highlight the many ways that the public health and safety can be protected without the heavy hand of government.

As the world becomes more economically integrated, and as countries in Latin America and in the former communist bloc join the ranks of the world's free market economies, American businesses will face ever increasing competition. The U.S. no longer can afford to cripple its enterprises with costly and unnecessary regulations.

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under taxation rather than regulation, it still turns out that regulation may now be more costly than taxation.

Oklahomans did not have domestic electric power," according to the National Historic Register. The museum contains artifacts and exhibits on settling the Cherokee Outlet, including furniture, clothing, and farm implements.

A farm town settled during the Cherokee Outlet land run of 1893, **Medford** is the site of the **Grant County Museum** (Cherokee and Main streets, 405-395-2888), which features antique furniture, clothing, and farm equipment.

ENID

The Chisholm Trail ran through the future site of Enid, where there were good springs, and so the area was well known before the 1893 Cherokee Outlet land run. Advance surveys laid out town lots in preparation for the galloping hordes—15,000 men and women in the first six hours of the run. Although the Rock Island line crammed settlers into cattle cars to haul them to the site, the railroad refused to stop in the new town after settlement. A freight train was wrecked after persons unknown sawed through a trestle. A federal act was quickly passed, requiring trains to make certain stops: Enid was one of them. As a wheat center and oil refinery, Enid was able to attract the Santa Fe and Frisco lines.

The Geronimo, an early automobile, was manufactured in Enid. The **Museum of the Cherokee Strip** (507 South 4th Street, 405-237-1907) exhibits materials from settlement days, including Cheyenne beadwork and a furnished tepee. Also on the site is a barn displaying horse-drawn farm equipment and a Model T Ford.

ENID, OK 73701
KINGFISHER

Near what is now the town of Kingfisher, ruts made by cattle herds moving north on the Chisholm Trail remained hidden by grass, wrecking some settlers' wagons during the land run of 1889. The town was once a contender to be the territorial capital. When local judge Abraham Seay became governor in 1892, he built the brick **Seay Mansion** (11th Street and Zellers Avenue, 405-375-5176), in a modified Queen Anne style with a domed tower, in the hope that Kingfisher would become the capital and his house the executive mansion. (His strategy failed.) The house is furnished in period style. Across the street the **Chisholm Trail Museum** (605 Zellers Avenue, 405-375-5176) contains a Sioux ceremonial dress, Sitting

10:00 a.m.
INTRO

LINK HOMESTEAD ACT 1862
TO CHEROKEE STRIP
OK LAND RUN 1893

DIRECTOR,
PUBLIC
INFORMATION
MR. HOWELL
ROBERT

LAND COMMISSION 1890
LOTS MAJOR AND RUNS
OPEN BY LOTERY OR REGISTRATION



HOMESICKNESS is an intense emotional state, characterized by fear and depression, typically experienced by young children on their first visits away from home. It is an extension of the infant's fear that a loved one has ceased to exist every time he disappears from view. This fear can seem extremely threatening to children, who are accustomed to having their needs fulfilled by their own parents in their own home. Many children play out, in fantasies, scenes in which their parents desert them. The homesick youngster may have fits of crying, express longing for his parents, and isolate himself for a time.

If a young child does not learn to cope with homesickness, the problem may persist into adolescence and cause a painful crisis when, for example, he goes away to college. Psychologists have pointed out ways in which parents can help young children learn to handle their fears of separation from home. The first visits away from home should be short, and the child should know how long he will be away. He should be told clearly where he is going, who will be taking care of him, where he will sleep, and other details. Sometimes parents go with the child on his first visit. Children often find comfort in taking along with them a concrete object (possibly a photograph) that will symbolically represent their missing parents.

Care should be taken to allow the child sufficient time to work out the problems confronting him. Failure to do this will probably extend the period during which homesickness continues as an unresolved crisis.

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HOMESTEAD, hōm'sted, a city in southern Florida, is in Dade county, 30 miles (64 km) south of Miami. It is a shipping point for vegetables and fruit produced in the area. Industries include the manufacture and maintenance of aircraft and the making of solid-propellant rocket fuels and pharmaceuticals. Homestead Air Force Base is nearby, and the city is the site of the subtropical experiment station of the University of Florida. Everglades National Park is 10 miles (16 km) south of the city.

The city of Homestead was incorporated in 1913. Government is by council and manager. Population: 20,668.

HOMESTEAD, hōm'sted, an industrial borough in southwestern Pennsylvania, in Allegheny county, is on the Monongahela River opposite southeastern Pittsburgh. It is an iron and steel center.

In 1892, a famous steel strike occurred here. The Amalgamated Association of Iron, Steel, and Tin Workers sought an agreement with the Carnegie Steel Company. When negotiations failed, the union called a strike. After months of growing hostility, hundreds of private detectives were directed by the company to disperse the picket lines. On July 6, 1892, 10 persons were killed in an armed clash. The national guard was called, and under its protection nonunion workers manned the mills. The strike was broken, and the unions were unable thereafter to organize the steel industry until 1937. The bitterness caused by the struggle remained a dark element in U. S. capital-labor relations for many years.

Homestead was incorporated in 1880. Government is by mayor and council. Population: 5,092.

HOMESTEAD MOVEMENT, the quest for free farmland in the United States. The policy of making free grants of land to settlers in the American colonies was not continued by the U. S. government after independence. Instead, a fairly high price for land was established. Western pioneers undergoing the hardships of farm-making in the wilderness claimed that land had no value until it was improved by their labor. Consequently, they argued that Congress ought to give land to settlers as a reward for the part they played in the making of America.

Free lands early became the ultimate goal of Westerners, but because this goal was unobtainable immediately, the West pressed for other concessions such as reduction in the price from \$2.00 to \$1.25 an acre (in 1820), or even to 12½ cents for land long on the market (in 1854). Westerners also demanded "preemption"—the right to settle upon and improve land for a time before buying it—and wanted limitations placed on the quantity of land individuals might purchase.

All but the last of these objectives were won by 1854, by which time the demand for free land was being supported by organized labor, the powerful *New York Tribune*, and the new Republican party. But Southerners, fearing that free land would accelerate the development of the nonslave states and territories of the upper Mississippi Valley, opposed adoption of a homestead law. Responsive to their wishes, President Buchanan vetoed a weak homestead bill in 1860.

Homestead Act of 1862. The secession of the South enabled the Republicans to pass the Homestead Act in 1862. Under the act, a free quarter section (160 acres, or 65 hectares) of land in the West was offered to any citizen or intended citizen 21 years of age who would settle the land, beginning Jan. 1, 1863. The act did not limit the amount of land that could be sold to individuals, and an area eight times the size of Kansas was made unavailable because of grants to railroads and states, the allotment of Indian land, and subsequent sale to settlers and others, and the continued sale of public land to speculators.

Before they secured title, homesteaders were required to live on the land for five years, during which improvements were to be made and modest fees paid. If they wanted to gain a mortgageable title on which to borrow for additional improvements, they could acquire their land by cash purchase after six months of residence. This clause was extensively abused in later years by speculators seeking to acquire great acreages through the use of dummy entrymen.

Extensively advertised by the land-grant railroads, the states, and real estate groups and by letters from earlier immigrants, the free homesteads drew immigrants to the West in great numbers. Land offices in the Great Plains and Pacific Coast states and later in the Interior Basin were besieged with heterogeneous crowds of people clamoring to file declaratory statements that would hold their claims to land against later comers. Not again until the Social Security Act was adopted in 1935 did the government do so much to create hope for a better life for so many.

From 1863 to 1868, Minnesota attracted the most land seekers. Kansas and Nebraska led from 1869 to 1879. In the 1880's, Dakota Territory surpassed all others. The peak years for filing homestead applications were 1871 (33,972 filings), 1880 (47,293 filings) and

LAND MOVEMENT, the quest for free land in the United States. The policy of free grants of land to settlers in the colonies was not continued by the government after independence. Instead, a price for land was established. Westwarders undergoing the hardships of farming in the wilderness claimed that land was not until it was improved by their labor. Finally, they argued that Congress ought to give land to settlers as a reward for the part they had in the making of America.

From the early years of settlement, the ultimate goal was to acquire land, but because this goal was unobtainable immediately, the West pressed for other objectives such as reduction in the price from \$2.00 an acre (in 1820), or even to 12¢ an acre and long on the market (in 1854). Westwarders demanded "preemption"—the right to purchase and improve land for a time before it was offered to other land individuals might purchase.

The last of these objectives were those by which time the demand for free land was being supported by organized labor. The *New York Tribune*, and the new party. But Southerners, fearing that it would accelerate the development of the states and territories of the upper Mississippi, opposed adoption of a homestead law. President Buchanan signed a weak homestead bill in 1860. The **Homestead Act of 1862**. The secession of the South led the Republicans to pass the Homestead Act in 1862. Under the act, a free plot (160 acres, or 65 hectares) of land in the West was offered to any citizen or to any person 21 years of age who would settle on the land beginning Jan. 1, 1863. The act did not specify the amount of land that could be sold, and an area eight times the size of the original was made unavailable because of the construction of railroads and states, the allotment of land to the government, and subsequent sale to settlers and the continued sale of public land to private individuals.

They secured title, homesteaders were to live on the land for five years, during which improvements were to be made and mortgaged. If they wanted to gain a mortgage on which to borrow for additional improvements, they could acquire their land by deed after six months of residence. The act was extensively abused in later years by persons seeking to acquire great acreages of land by use of dummy entrymen.

It was advertised by the land-grant railroads, and real estate groups and by earlier immigrants to the West in great numbers and offices in the Great Plains and other states and later in the Interior. The act was besieged with heterogeneous crowds of people moving to file declaratory statements and to claim their claims to land against later claimants. It was not until the Social Security Act of 1935 did the government do so much to help the hope for a better life for so many. From 1863 to 1868, Minnesota attracted the most homestead seekers. Kansas and Nebraska led the states in 1879. In the 1880's, Dakota Territory attracted all others. The peak years for homestead applications were 1871 (100,000 filings), 1880 (47,293 filings) and

1902 (98,829 filings). Between 1863 and 1890, 456,922 people filed. This was the greatest period of farm making in American history, and the rate of success on the farms established was the highest.

Homesteading after 1890. After 1890 the free land still available was semiarid, requiring different methods of cultivation and larger farm units than farther east. Yet the West would not give up the hope of developing farms on these questionable lands, despite the high proportion of failures. Congress, in its effort to adapt homestead policy to the semiarid region, listened to Western boosters, eager for growth, immigration, and development, instead of to agricultural experts who thought the public ranges should be retained in grass cover for livestock. Homesteads of 640 acres were allowed in the sandhills of western Nebraska by the Kinkaid Act of 1904. 320-acre dryland homesteads were permitted in 1909 on most of the remaining semiarid lands, and finally 640-acre stock-raising grants were made available in 1916.

On the whole the results were bad. Homesteaders taking advantage of the Stock-Raising Homestead Act often lacked the capital to buy cattle and instead tried to raise wheat on the unsuitable dry lands. The natural range was broken up into small tracts on which farmers could make a living only in abnormally wet years. The grass cover was killed, the remaining public lands were overgrazed, considerable erosion of topsoil took place, and the dust storms of the 1930's followed.

By the Taylor Grazing Act of 1934 and its later amendments Congress virtually halted further homesteading except in Alaska, where free lands continued to be available. Henceforth the Grazing Service (later the Bureau of Land Management) was to administer and lease to stockmen the remaining public lands.

All in all, between 1863 and 1967, 2,992,058 homestead entries were made, of which 1,623,691 were successfully carried to patent (title). Though in later years many filings were recorded not for farm making but to acquire valuable claims, the overall effect of homestead legislation was to contribute to independent farm ownership on a massive scale, the goal of land reformers since the days of Thomas Jefferson.

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HOMESTEAD NATIONAL MONUMENT OF AMERICA, in southeastern Nebraska, near the city of Beatrice, is the site of one of the first land claims under the Homestead Act of 1862. Daniel Freeman, a Union soldier from Illinois, then stationed at Brownville, Nebraska Territory, filed a claim to this quarter section a few minutes after midnight on Jan. 1, 1863. He settled on it after his military discharge. Later he won the right to be considered the nation's first homesteader and was granted homestead patent No. 1.

A log cabin built on a neighboring farm in 1867 survives on the site. Its authentic furnishings were the kind used by prairie homesteaders. The graves of Freeman and his wife are also located here.

The monument, which is currently administered by the National Park Service, was established in 1939. Its area is approximately 163 acres (66 hectares).

HOMEWOOD, a city in central Alabama, is in Jefferson county, 2 miles (3 km) southwest of Birmingham. It is primarily a residential community. The city was incorporated in 1921 as Edgewood and was renamed in 1926. It has a mayor and council form of government. Population: 21,271.

HOMEWOOD, a village in northeastern Illinois, is in Cook county, 23 miles (37 km) south of Chicago, of which it is a residential suburb. Its principal industry is book publishing. The Washington Park race track, a horse-racing center, is nearby.

The village was laid out in 1852 and was incorporated in 1893. Government is by council and manager. Population: 19,724.

HOMICIDE, hom'ə-sid, is the killing of one human being by another. In the United States and England, *justifiable homicide* occurs when a person kills (1) in self-defense, (2) to protect close members of his family from grave bodily injury or death, or (3) to prevent a felony; or (4) when he is officially employed in a public execution; or (5) when he kills an enemy in wartime. *Excusable homicide*, usually provided for by statute, includes killing by accident or misadventure. *Felonious homicide* has two categories: *murder* and *manslaughter*. A murder charge in the United States specifies *first- or second-degree murder*.

Basic Proofs. A primary issue in establishing any act as homicide is whether a living human being has been killed. In cases of infanticide, for example, most states of the United States require proof that the infant was born alive. Generally the proof of a living existence rests on whether the infant has breathed. (Although homicide cannot be committed on a dead person, it can be committed on one who is dying.)

Another issue of proof is whether the act committed was the direct cause of death, especially when death was not immediate. The usual rule holds that the victim must die within a year and a day after the act; otherwise no provable relationship exists to support a homicide.

Two elements are essential in order to establish the basis for a criminal charge of homicide: (1) proof that a human being died (the dead body need not be found); and (2) proof that the death was caused by a criminal agency (the death weapon need not be produced). An individual may be found guilty of criminal homicide on circumstantial evidence alone. Reasonable inferences may be drawn from the facts proved; a killer can be convicted without eye-witness evidence.

Question of Mental State. Establishing a killer's identity is generally less difficult than establishing his mental state at the time of the killing. His mental state distinguishes whether the act is murder, manslaughter, or accidental homicide. Proof of murder generally requires evidence of "malice." Malice, in law, connotes wickedness, cruelty, a reckless disregard of consequences, and a rejection of social duty or responsibility. The element of malice, either express or implied, is proved by the intentional killing of another person without excuse or justification.

Murder. The law recognizes two classes of murder: first-degree and second-degree. First-degree murder includes not only malice but also premeditation—thought before willful and delib-

rectly influenced the re-election of Pres. Grover Cleveland over Benjamin Harrison in 1892, and it retarded the unionization of steelworkers for more than 40 years. With the steel mills now chiefly located in adjacent communities, the economic mainstay is the manufacture of heavy mill machinery, tools, cement blocks, and bricks. Inc. 1880. Pop. (1970) 6,309; (1980) 5,092.
40°24' N, 79°54' W

Homestead Movement, promoted the free ownership of land, mostly in the 18th- and 19th-century U.S., culminating in the Homestead Act of 1862. The movement was based on the philosophy that the public domain belonged to the people and that each head of a family was entitled to a home or farm, the possession of which should be protected against seizure for debt. This theory developed gradually for half a century after 1785. Earlier laws were intended primarily to procure revenue for the federal government, but the main result was encouragement of sales of public land in large blocks for the benefit of speculators. By 1835 the sales had extinguished the public debt, and thereafter an increasing clamour arose for legislation to relieve the condition of tenant farmers and hard-pressed city labourers through the adoption of a general homestead law. Up to 1856 the contest was essentially between Western farmers seeking easy expansion and Eastern landlords or industrialists eager to preserve high rents and cheap labour. But in 1856 the Eastern Republicans, in a move to cement relations with Western Republicans, gave up opposition to a homestead law and combined free farms with the issue of banning the expansion of slavery. Thus the contest became one between North and South.

The Homestead Act of May 20, 1862, passed by Congress (after the secession of the South) dominated by free-soil advocates, provided for 160 acres (65 hectares) to any person willing to occupy and cultivate the land for five years. This act failed to relieve labour pressure in the cities. Most of the fertile land was already in private hands and no longer part of the public domain. Many tracts were remotely located, and there were no provisions for training in even elementary farm techniques. Furthermore, farmers found it difficult to acquire the necessary capital for a successful beginning and usually failed the five-year residency requirement to gain full title. By 1890 only one out of three homesteaders had managed to remain long enough to obtain deeds to their land. Modifications in the Homestead Act over the next 40 years included exemption laws forbidding seizure of a homestead for debts incurred prior to patenting.

Homestead laws of lesser importance were enacted throughout the 20th century, and by the 1950s the government had patented about 250,000,000 acres (101,000,000 hectares), much of which had fallen into the hands of large estate owners. Similar laws were passed in Canada.

- Alaskan termination results 1:412c
- Alberta's dwelling patterns 1:424f
- closure's effects on Alaskan development 1:412c
- land distribution provisions of 1862 act 18:919g
- Montana's settlement pattern 12:397e
- North Dakota wheat farming boom 13:234d
- Oklahoma population make-up role 13:543g

Homestead National Monument of America, in southeastern Nebraska, U.S., just west of Beatrice, was established in 1936 as a memorial emblematic of the hardships of pioneer life. It is the site of the first claim under the Homestead Act of 1862, entered by a Dan Freeman. The visitor centre has exhibits tracing the development of the movement, under which more than 1,000,000 citizens

became landowners. The monument, which occupies 163 ac (66 ha), also includes a homestead log cabin that was built in a neighbouring township in 1867 and later moved to the site and furnished in the manner of the period. The graves of Freeman and his wife are situated on a hill overlooking the monument.

Homewood, city, Jefferson County, southeastern residential suburb of Birmingham, north central Alabama, U.S. In 1927 the communities of Rosedale and Edgewood merged and were incorporated as Homewood, which was expanded in 1929 to include Hollywood. It is the site of Samford University (1964), formerly Howard College (1842), which includes the Cumberland Law School. Oak Mountain State Park is nearby. Pop. (1980) 21,271.
33°29' N, 86°48' W

Homewood, village, Cook County, northeastern Illinois, U.S., just south of Chicago. It was settled about 1834 by Germans and Dutch. As an Illinois Central Railroad stop, it became known as Thornton Station, and was renamed Homewood in 1869. Although primarily residential, it has some light industries, notably publishing and wood-working, Inc. 1893. Pop. (1980) 19,724.
41°34' N, 87°40' W

homework system (labour): *see* domestic system.

homicide, the killing of one human being by another. Homicide is a general term: it may refer to a killing that is not criminal.

Some homicides are considered justifiable. Thus, in most cases a man may kill to prevent the commission of a serious-felony or to aid a representative of the law. Other homicides are said to be excusable, as when a man kills in self-defense (*q.v.*).

A criminal homicide is one that is not regarded by the applicable criminal code as justifiable or excusable. All legal systems make important distinctions between different types of homicides. Punishments vary greatly according to the intent of the killer, the dangerousness of his conduct, or the circumstances in which he acted.

Anglo-American codes classify homicides in two or more separate crimes, each crime carrying its own penalty, which can be varied within limits by the sentencing authority. Thus, murder is a homicide committed intentionally or as a result of the commission of another serious offense. The crime of manslaughter includes killings that are the result of recklessness or a violent emotional outburst, as when the killer is provoked by the victim. The penalty for murder may be death or confinement for life, whereas the penalty for manslaughter is usually a maximum number of years in confinement.

European codes and their derivatives group all unjustified killings under the single crime of homicide but specify different penalties depending on the circumstances of the act. Some countries provide for unique situations in accordance with special social needs. Thus, Japan reserves its harshest penalties for the murder of one's own lineal descendants, and Italy allows for mitigation of punishment if the killer acted from a sudden intense passion to avenge his honour. European codes, like the Anglo-American, distinguish between intentional and felony murders, on the one hand, and reckless, negligent, and provoked murders, on the other. In all systems the most important dividing line in terms of sentencing falls between conduct that is socially dangerous and that which is merely reckless, between acts of passion and acts of intent.

Anglo-American systems require an element of intent, or malice aforethought, in the act of murder. This has a technical meaning. It includes "transferred intent," as when one who intends to kill another kills a third person by mistake. Malice aforethought also includes acts of such extreme recklessness and dangerousness that criminality or disregard may be inferred. The Indian penal code requires that

an offender know of the danger he might cause, thus ruling out reckless acts that are the result of ignorance. But other jurisdictions are less clear on this point. Many states of the U.S. distinguish between murder of the first and of the second degree, with capital punishment limited to crimes of clear intent.

European codes place a greater emphasis than do English systems on the dangerousness of the actor's conduct and the circumstances surrounding his act. Thus, bodily injury resulting in death and death that is a result of negligence rather than recklessness are more heavily penalized in European than in Anglo-American systems. Whereas in England murder that is the result of felony is limited to only a few serious crimes, European codes often punish any killer as a murderer if he has employed a deadly weapon. The European codes, on the other hand, acquit a man for a "mercy killing," whereas the Anglo-American codes do not.

- crime rate and victims 5:270g
- Draco's laws 8:341b
- primitive legal control and punishment 14:1038a

homily, an edifying discourse or a religious address, applied chiefly to sermons that expound a biblical passage. Homilies by, or said to be by, the Fathers of the Church were collected and arranged according to the church year for regular redelivery in times when original preaching was not encouraged through fear of heresy or lack of educated clergy. The reading of such homilies became part of the liturgical worship in the Roman Catholic and Eastern Orthodox churches. The two books of homilies issued for the Church of England in the 16th century contained sermons by contemporary clergy.

- Byzantine dramatization 4:519g
- English literature of the 17th century 10:1148h
- Free Church characteristics 7:711e
- Islamic congregational observances 9:918h
- Matthew Gospel sectional organization 2:953c
- parable origins and didactic function 7:135h
- Philo of Alexandria's works 14:246a
- Protestant emphasis on word of God 15:109f
- religious nonfiction prose development 10:1081h
- Saint John Chrysostom's writings 4:583d
- satire's literary forms 16:269h
- 16th-century British popularity 14:804d

homing, the ability of certain animals to return to a given place when displaced from it, often over great distances. The major navigational clues used by homing animals seem to be the same as those used in migration (sun angle, star patterns, etc.), but homing may occur in any compass direction and at any season. The best known examples of strong homing ability are among birds, particularly racing, or homing, pigeons; many other birds, especially seabirds such as albatrosses, shearwaters, frigatebirds, and terns, and also swallows, are known to have equal or better homing abilities. A Manx shearwater (*Puffinus puffinus*), transported in a closed container to a point about 5,500 kilometres (3,400 miles) from its nest, returned to the nest in 12½ days.

- Antarctic birds' navigational ability 1:959b
- biological clock as navigational aid 14:69e
- fish and bird studies 10:741c
- navigational abilities of animals 12:182f
- salmoniform migration and spawning 16:188g

Hominidae 8:1023, the taxonomic family of the order Primates, of which modern man (*Homo sapiens*) is the only surviving representative.

The text article summarizes fossil evidence of extinct genera of this family. Inferences concerning the age and behaviour of fossil hominids are offered. The article notes evidence of planned, systematic toolmaking found with hominid remains, indicating the quality of symbolic communication and potential for culture that characterizes modern man.

REFERENCES in other text articles:

- African evidence of evolution 1:281h