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Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Draft Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13476
Folder ID Number: 13476-002

Folder Title:
South Carolina Legislature 2/15/89

Stack:	Row:	Section:	Shelf:	Position:
G	25	6	1	3

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/13/89 ACTION/CONCURRENCE/COMMENT DUE BY: COB 2/14/89 *TRAY*

SUBJECT: PRESIDENTIAL REAMRKS: SOUTH CAROLINA GENERAL ASSEMBLY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	<i>Griffith</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>Rogers</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>Winston</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Bostin</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide your comments/recommendations directly to Chriss Winston's office with an info copy to my office by close of business ~~Tuesday~~, February ~~14~~ *13*. Thank you.
TRAY

RESPONSE:

09 FEB 13 10 35 AM '89
RECEIVED IN CHIEF

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Klugmann)
February 13, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: SOUTH CAROLINA GENERAL ASSEMBLY
COLUMBIA, SOUTH CAROLINA
FRIDAY, FEBRUARY 17, 1989

Thank you very much, Governor Campbell. Lt. Governor Theodore, Speaker Sheehan. Members of Congress, ladies and gentlemen, thank you all. It is a great honor to be addressing this joint session of the General Assembly. This is a chamber rich in history and tradition, and I am grateful for the privilege of joining you in this hall today.

One very concrete way I plan to express my appreciation is by not talking too long. If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blott will rise up, and this chamber will echo with the words: "it's cornbread and buttermilk time."

Now, I speak to you today with great respect and in accordance with the plan our Founding Fathers designed two centuries ago: as a President of the United States addressing the freely-elected Government of a Sovereign State. And I speak to you in the spirit of bi-partisanship: I realize that some of you favor the Tigers and others favor the Gamecocks, but as President of all the people I must remain neutral. And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a famous rhythm and blues guitarist.

But a few minutes ago, I did not have to be neutral -- and I don't have to be neutral now in recognizing and congratulating

R150
(X 4657)

AND A FEW THE CITADEL BULLDOGS

the N.A.I.A. national football champions: the Furman Paladines. We are all proud of that team.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries. In fact, the first Colonial Governor -- under the Spanish -- was the son of Christopher Columbus. Personally, I join with the people of this great State in saying that I much prefer Carroll Campbell.

And with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that traditional American values are not a hindrance to success in a modern economy, but, in fact, they are essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the ^{rest of the} American people deserve the same, and they

*Raw
is (X5044)
inappropriate
ironic
remark*

*Hale
(X3120)*

K150
(X4657)

of which

deserve a budget process ~~that~~ they can be proud, and I will work for the reforms we need.

I also want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing the tax code and by cutting the State capital gains tax.

Our experience at the National level is clear: reducing the capital gains rate ~~has resulted~~ ^{will result} in more tax revenue, not less.

Weicher
(X5873)

It helps produce the investment that means more jobs for working people. And it helps our international competitiveness -- some of our biggest trading partners, such as Japan and West Germany, have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

broading
and ~~bordering~~ the tax base

Cutting the top marginal personal income tax rate, as we have, ~~has~~ ^{have} not only restored incentives and brought in more revenue, ~~it has~~ ^{they have} also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've probably heard widely conflicting accounts of it. But when it comes to the Washington budget process, so much of the rhetoric is in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but by less than had been previously projected. Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. And the people made their position clear in the election last November.

One group in Washington, Citizen's for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only 5 percent wanted to do it by raising taxes.

For those of us who hold elected office, I think it is our job, when the American people speak so clearly, to read their lips. That's why my budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more

of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

My budget does more for education, more for the environment, and more for the Space program. It makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs, because we cannot let this menace rob our children of their future.

We introduce a new child care initiative, targeted at low-income families, and designed to give real choice to working families. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We ~~do not cut~~ ^{place} Social Security ^{officiants from budget cuts} or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. I believe that defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, I think they have the right to know that we will give them the tools to defend themselves and to defend America.

OK

Holen
(45) 78

get winds from GRAPV

And my budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by \$76 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of G.N.P. to its lowest level in 11 years.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

Because of economic growth, tax revenues are going up with no new taxes. Our projections show that without raising taxes, the Federal Government will get an additional \$80 billion to spend. The Congressional Budget Office, using their own set of economic assumptions, predicts -- not my estimate, but theirs -- that Federal tax revenues will increase next year by even more, by \$86 billion. I think our number is closer, but whether you use the Congress's number or the O.M.B. number, that's enough money to reduce the deficit down to the levels required by Gramm-Rudman-Hollings and to spend more money on priority programs.

But to do this does require that choices be made, which is what my budget does. And I am prepared to work with the Congress to keep on making those hard choices. We weren't sent to Washington to abdicate our responsibility -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

Hollings
(X 5178)

should be
stronger

Wichar
(X 5873)

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately perform the services which it should.

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." That is also my personal view. And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

You know, I've visited South Carolina enough times to learn that your State flower is the yellow jessamine [JAZZ-min]. I've been told that it was selected not just for ~~its~~^{its} fragrance, but because of its resilience. The budget debate is important, but ~~even more~~^{equally} important is the knowledge that America is strong and she is great. That we are thriving as a Nation in the world and we are providing for our people.

As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

Holen
(X 5178)

Wicha
(+5873)

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SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
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BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Griffith</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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REMARKS:

Please provide your comments/recommendations directly to Chriss Winston's office with an info copy to my office by close of business ~~Tuesday~~, February 14. Thank you.

TODAY

13

RESPONSE:

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

(Klugmann)
February 13, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: SOUTH CAROLINA GENERAL ASSEMBLY
COLUMBIA, SOUTH CAROLINA
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~~But a few minutes ago, I did not have to be neutral --~~ ^{But} and I don't have to be neutral now in recognizing and congratulating

the N.A.I.A. national football champions: the Furman Paladines. We are all proud of that team.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries. In fact, the first Colonial Governor -- under the Spanish -- was the son of Christopher Columbus. Personally, I join with the people of this great State in saying that I much prefer Carroll Campbell.

And with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that traditional American values are not a hindrance to success in a modern economy, but, in fact, they are essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the American people deserve the same, and they

deserve a budget process that they can be proud, and I will work for the reforms we need.

I also want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing the tax code and by cutting the State capital gains tax.

Our experience at the National level is clear: reducing the capital gains rate has resulted in more tax revenue, not less. It helps ^{Spurs} produce the investment ^{Investment} that means ^{Jobs mean} more jobs for working opportunity. And opportunity is the foundation of American progress people. And ~~it~~ helps our international competitiveness -- some ^{A lower rate also} of our biggest trading partners, such as Japan and West Germany, ^{Check} have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

Cutting the top marginal personal income tax rate, as we have, has not only restored incentives and brought in more revenue, it has also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've ^{may have heard about it.} probably heard widely conflicting accounts of it. ^{It's getting some attention.} But when it comes to the Washington budget process, so much of the rhetoric is in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." ^{And I'm pleased to say no one has said it's D.O.A.} Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout." ^{If anyone does I'll interpret that as directed at opposing for American}

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but *at a slower pace.* ~~by less than had been previously projected.~~ Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. ~~And the people made their position clear in the election last November.~~

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of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

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We ^{have proposed} ~~introduce~~ a new child care initiative, targeted at low-income families, and designed to give real choice to ~~working~~ families ^{with}. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We do not cut Social Security or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. ~~I believe that~~ Defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, ~~I think~~ they have the right to know that we will give them the tools to defend themselves and to defend America.

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~~And my~~ budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by \$76 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of G.N.P. to its lowest level in ___ years.

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But to do this does require that choices be made, which is what *this* my budget does. ~~And~~ I am prepared to work with the Congress ~~to keep on making~~ *to* those hard choices. We weren't sent to Washington to ~~abdicate our responsibility~~ *sit on our hands* -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately perform the services which it should. *If we do - we can get the job done - but not with business as usual.*

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." ~~That is also my personal view.~~ And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

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As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

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DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Boskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Wray</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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TODAY 13

RESPONSE:

2/13 Remarks OK as drafted.
JRW

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

(Klugmann)
February 13, 1989
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Our experience at the National level is clear: reducing the capital gains rate has resulted in more tax revenue, not less. It helps produce the investment that means more jobs for working people. And it helps our international competitiveness -- some of our biggest trading partners, such as Japan and West Germany, have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

Cutting the top marginal personal income tax rate, as we have, has not only restored incentives and brought in more revenue, it has also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've probably heard widely conflicting accounts of it. But when it comes to the Washington budget process, so much of the rhetoric is in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but by less than had been previously projected. Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. And the people made their position clear in the election last November.

One group in Washington, Citizen's for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only 5 percent wanted to do it by raising taxes.

For those of us who hold elected office, I think it is our job, when the American people speak so clearly, to read their lips. That's why my budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more

of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

My budget does more for education, more for the environment, and more for the Space program. It makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs, because we cannot let this menace rob our children of their future.

We introduce a new child care initiative, targeted at low-income families, and designed to give real choice to working families. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We do not cut Social Security or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. I believe that defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, I think they have the right to know that we will give them the tools to defend themselves and to defend America.

And my budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by \$76 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of G.N.P. to its lowest level in ___ years.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

Because of economic growth, tax revenues are going up with no new taxes. Our projections show that without raising taxes, the Federal Government will get an additional \$80 billion to spend. The Congressional Budget Office, using their own set of economic assumptions, predicts -- not my estimate, but theirs -- that Federal tax revenues will increase next year by even more, by \$86 billion. I think our number is closer, but whether you use the Congress's number or the O.M.B. number, that's enough money to reduce the deficit down to the levels required by Gramm-Rudman-Hollings and to spend more money on priority programs.

But to do this does require that choices be made, which is what my budget does. And I am prepared to work with the Congress to keep on making those hard choices. We weren't sent to Washington to abdicate our responsibility -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately perform the services which it should.

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." That is also my personal view. And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

You know, I've visited South Carolina enough times to learn that your State flower is the yellow jessamine [JAZZ-min]. I've been told that it was selected not just for it's fragrance, but because of its resilience. The budget debate is important, but even more important is the knowledge that America is strong and she is great. That we are thriving as a Nation in the world and we are providing for our people.

As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

THE WHITE HOUSE

WASHINGTON

February 13, 1989

MEMORANDUM FOR CHRISS WINSTON
DEPUTY ASSISTANT TO THE PRESIDENT
FOR COMMUNICATIONS

FROM: NELSON LUND *NL*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: South Carolina
General Assembly

Pursuant to a request from James W. Cicconi, Counsel's Office has reviewed the above-referenced draft remarks. Counsel's Office has no legal objections.

I note one apparent (though not real) inconsistency. In the first paragraph on page 2, the draft appears to ridicule the notion that budget cuts could occur in a program unless spending is going down. In the last paragraph on page 5, however, the draft mentions "real cuts" in defense, which seems to imply that there were nominal spending increases in defense. I flag these passages only because I can imagine their being used, unfairly, to accuse the President of self-contradiction.

cc: C. Boyden Gray
Counsel to the President

James W. Cicconi
Assistant to the President and
Deputy to the Chief of Staff

Chris -
As we discussed

[Handwritten signature]

1989 FEB 13 PM 5:58

February 13, 1989

MEMORANDUM FOR JIM CICCONI

FROM; DENISE SCHWARZ
OFFICE OF CABINET AFFAIRS

DS

SUBJECT; PRESIDENTIAL REMARKS; SOUTH CAROLINA GENERAL
ASSEMBLY LOG #006438

We have the following comments on the South Carolina speech.

Page 3

The first line should read:

deserve a budget process that they can point to with
pride, and I will work for the reforms we need.

Last paragraph, 4th line:

process, so much of the rhetoric is, in the words of a
former

Page 7

First paragraph, second line, last word.

take out the word to at the end of the line

First paragraph, third line:

insert to before the word perform

Third paragraph seems to be awkward.

February 13, 1989

MEMORANDUM FOR JIM CICCONI

FROM; DENISE SCHWARZ *DS*
OFFICE OF CABINET AFFAIRS

SUBJECT; PRESIDENTIAL REMARKS; SOUTH CAROLINA GENERAL
ASSEMBLY LOG #006438

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Third paragraph seems to be awkward.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/13/89 ACTION/CONCURRENCE/COMMENT DUE BY: COB TODAY
COB 2/14/89

SUBJECT: PRESIDENTIAL REAMRKS: SOUTH CAROLINA GENERAL ASSEMBLY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Griffith</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Boskin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide your comments/recommendations directly to Chriss Winston's office with an info copy to my office by close of business ~~Tuesday~~, February ~~14~~. Thank you.
TODAY 13

RESPONSE:

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

(Klugmann)
February 13, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: SOUTH CAROLINA GENERAL ASSEMBLY
COLUMBIA, SOUTH CAROLINA
FRIDAY, FEBRUARY 17, 1989

Thank you very much, Governor Campbell. Lt. Governor Theodore, Speaker Sheehan. Members of Congress, ladies and gentlemen, thank you all. It is a great honor to be addressing this joint session of the General Assembly. This is a chamber rich in history and tradition, and I am grateful for the privilege of joining you in this hall today.

One very concrete way I plan to express my appreciation is by not talking too long. If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blott will rise up, and this chamber will echo with the words: "it's cornbread and buttermilk time."

Now, I speak to you today with great respect and in accordance with the plan our Founding Fathers designed two centuries ago: as a President of the United States addressing the freely-elected Government of a Sovereign State. And I speak to you in the spirit of bi-partisanship: I realize that some of you favor the Tigers and others favor the Gamecocks, but as President of all the people I must remain neutral. And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a famous rhythm and blues guitarist.

But a few minutes ago, I did not have to be neutral -- and I don't have to be neutral now in recognizing and congratulating

the N.A.I.A. national football champions: the Furman Paladines. We are all proud of that team.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries. In fact, the first Colonial Governor -- under the Spanish -- was the son of Christopher Columbus. Personally, I join with the people of this great State in saying that I much prefer Carroll Campbell.

And with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that traditional American values are not a hindrance to success in a modern economy, but, in fact, they are essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the American people deserve the same, and they

deserve a budget process that they ^{can point to with pride} ~~can be proud~~, and I will work for the reforms we need.

I also want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing the tax code and by cutting the State capital gains tax.

Our experience at the National level is clear: reducing the capital gains rate has resulted in more tax revenue, not less. It helps produce the investment that means more jobs for working people. And it helps our international competitiveness -- some of our biggest trading partners, such as Japan and West Germany, have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

Cutting the top marginal personal income tax rate, as we have, has not only restored incentives and brought in more revenue, it has also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've probably heard widely conflicting accounts of it. But when it comes to the Washington budget process, so much of the rhetoric is, in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but by less than had been previously projected. Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. And the people made their position clear in the election last November.

One group in Washington, Citizen's for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only 5 percent wanted to do it by raising taxes.

For those of us who hold elected office, I think it is our job, when the American people speak so clearly, to read their lips. That's why my budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more

of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

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We introduce a new child care initiative, targeted at low-income families, and designed to give real choice to working families. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We do not cut Social Security or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. I believe that defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, I think they have the right to know that we will give them the tools to defend themselves and to defend America.

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But to do this does require that choices be made, which is what my budget does. And I am prepared to work with the Congress to keep on making those hard choices. We weren't sent to Washington to abdicate our responsibility -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately^{to} perform the services which it should.

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." That is also my personal view. And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

RW Kuzel

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As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

THE WHITE HOUSE
WASHINGTON

REVISED

February 9, 1989

MEMORANDUM FOR THE CHIEF OF STAFF
BRENT SCOWCROFT
DAVID BATES
RICHARD BREEDEN
ANDREW CARD
JAMES CICONI
DAVID DEMAREST
MARLIN FITZWATER
BOYDEN GRAY
FRED McCLURE
BONNIE NEWMAN
ROGER PORTER
STEVE STUDDERT
CHASE UNTERMAYER

JOE HAGIN
ED ROGERS
ROBERT GUTTMAN
SUSAN PORTER ROSE
PATTY PRESOCK
TIM McBRIDE
LAURIE FIRESTONE
TONY LOPEZ
DAVID VALDEZ
JEAN LAMB
SPEECHWRITING OFFICE
USSS/PPD
WHCA AUDIO/VISUAL
WHCA OPERATIONS

FROM: JOHN G. KELLER, JR. *JGK*
DEPUTY ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PRESIDENTIAL ADVANCE

SUBJECT: TRIP OF THE PRESIDENT TO COLUMBIA, SOUTH CAROLINA,
WEDNESDAY, FEBRUARY 13, 1989

For your use and planning purposes, the attached are the scenarios and outline schedule for the Trip of the President to Columbia, South Carolina on Wednesday, February 13, 1989.

State Capitol Scenario

The President arrives State Capitol and proceeds to brief holding, to await the Joint Escort Committee of the House and Senate. The President proceeds up one set of stairs with the Joint Escort Committee to the House Chamber. Upon arrival at the House Chamber, the President will be led into the Chamber by the Sergeant at Arms and proceeds to Podium. The President arrives at the podium and is introduced by TBD and makes remarks. Upon conclusion of speech, the President is thanked by TBD and departs the House Chamber en route the Governor's Office for brief meeting with State Legislative Leadership. Upon conclusion of meeting, the President will depart the State Capitol en route Motorcade.

NOTE: The Governor's Office has requested two photo opportunities:

1. A staff photo for 15 staff who volunteered during the campaign. This could be done on arrival.
2. Furman University has won the National Championship, Division 2, in football. The Governor's Office wants a Group Photo and to allow the team to present the President with a team jacket and football.

SCHEDULE

WEDNESDAY, FEBRUARY 13, 1989

9:05 am MARINE ONE departs White House en route Andrews Air Force Base.

9:15 am MARINE ONE arrives Andrews Air Force Base.

9:20 am AIR FORCE ONE departs Andrews Air Force Base en route Columbia, South Carolina.

Flying Time: 1 Hour 10 Minutes
Time Change: None
Interchange: None
Food Service: TBD

10:30 am AIR FORCE ONE arrives Columbia Metropolitan Airport, Columbia, South Carolina.

10:35 am MOTORCADE departs Columbia Metropolitan Airport en route South Carolina State Capitol.

10:50 am MOTORCADE arrives State Capitol.

*Address to South Carolina State Legislature
- OPEN PRESS

*Meeting with Governor, Lt. Governor,
Speaker of the House, President of the Senate,
and Republican Leaders
- PHOTO OPPORTUNITY

12:15 pm MOTORCADE departs State Capitol en route Columbia Metropolitan Airport.

12:30 pm MOTORCADE arrives Columbia Metropolitan Airport and proceeds to board AIR FORCE ONE.

12:40 pm AIR FORCE ONE departs Columbia, South Carolina en route Andrews Air Force Base.

1:45 pm AIR FORCE ONE arrives Andrews Air Force Base and proceeds to board MARINE ONE.

1:50 pm MARINE ONE departs Andrews Air Force Base en route White House.

2:00 pm MARINE ONE arrives White House.

THE WHITE HOUSE

WASHINGTON

February 9, 1989

MEMORANDUM FOR THE CHIEF OF STAFF
BRENT SCOWCROFT
DAVID BATES
RICHARD BREEDEN
ANDREW CARD
JAMES CICCONI
DAVID DEMAREST
MARLIN FITZWATER
BOYDEN GRAY
FRED McCLURE
BONNIE NEWMAN
ROGER PORTER
STEVE STUDDERT
CHASE UNTERMAYER

JOE HAGIN
ED ROGERS
ROBERT GUTTMAN
SUSAN PORTER ROSE
PATTY PRESOCK
TIM McBRIDE
LAURIE FIRESTONE
TONY LOPEZ
DAVID VALDEZ
JEAN LAMB
SPEECHWRITING OFFICE
USSS/PPD
WHCA AUDIO/VISUAL
WHCA OPERATIONS

FROM:

JOHN G. KELLER, JR. *JGK*
DEPUTY ASSISTANT TO THE PRESIDENT AND
DIRECTOR OF PRESIDENTIAL ADVANCE

SUBJECT:

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WEDNESDAY, FEBRUARY 13, 1989

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Midlands Technical College Scenario

The Computer Lab is the most high-tech of all the school's programs. They are currently training students on a new program which is a state-of-the-art software program, called CDC, computer design instruction, which is simply computer drafting. The President would arrive at the classroom and be given an overview of this new technology by Mr. Ron Stockman and then the President would actually sit at one of the computers and work on a draft of a space shuttle. Following the Computer Lab Tour, the President would attend a small (20 people) brown bag luncheon, that would be set up in the round in a classroom nearby the Computer Lab. Students who have had success with this upgrade of skills program would attend as would industry leaders, who have benefitted from the program, also, a mother with child who is now employed, and perhaps parents of students who have succeeded.

SCHEDULE

WEDNESDAY, FEBRUARY 13, 1989

- 9:05 am MARINE ONE departs White House en route Andrews Air Force Base.
- 9:15 am MARINE ONE arrives Andrews Air Force Base.
- 9:20 am AIR FORCE ONE departs Andrews Air Force Base en route Columbia, South Carolina.
- Flying Time: 1 Hour 10 Minutes
Time Change: None
Interchange: None
Food Service: TBD
- 10:30 am AIR FORCE ONE arrives Columbia Metropolitan Airport, Columbia, South Carolina.

10:35 am MOTORCADE departs Columbia Metropolitan Airport en route South Carolina State Capitol.

10:50 am MOTORCADE arrives State Capitol.

*Address to South Carolina State Legislature
- OPEN PRESS

11:33 am MOTORCADE departs State Capitol en route Midlands Technical College, Beltline Campus.

11:48 am MOTORCADE arrives Midlands Technical College.

*Computer Demonstration - OPEN PRESS
*Luncheon with Program Participants - OPEN PRESS

12:45 pm MOTORCADE departs Midlands Technical College en route Columbia Metropolitan Airport.

1:00 pm MOTORCADE arrives Columbia Metropolitan Airport and proceeds to board AIR FORCE ONE.

1:10 pm AIR FORCE ONE departs Columbia, South Carolina en route Andrews Air Force Base.

2:05 pm AIR FORCE ONE arrives Andrews Air Force Base and proceeds to board MARINE ONE.

2:15 pm MARINE ONE departs Andrews Air Force Base en route White House.

2:25 pm MARINE ONE arrives White House.

good acad. record
math & science score
good minority represent.
high # of students in "volunteer
efforts"

speech

lunch w/ students

National service - use as term
any successful life

budget - realistic
- no new taxes
-

0768

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/13/89 ACTION/CONCURRENCE/COMMENT DUE BY: COB ~~2/14/89~~ TODAY

SUBJECT: PRESIDENTIAL REAMRKS: SOUTH CAROLINA GENERAL ASSEMBLY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Griffith</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Bostin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide your comments/recommendations directly to Chriss Winston's office with an info copy to my office by close of business ~~Tuesday~~, February ~~14~~. Thank you.

TODAY 13

RESPONSE: TO: CHRISS WINSTON

February 13, 1989

The NSC staff has no objection to the attached Presidential remarks.

for Robert M Perito
G. Philip Hughes
Executive Secretary

88 FEB 13 6:30:40

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

cc: James Cicconi

(Klugmann)
February 13, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: SOUTH CAROLINA GENERAL ASSEMBLY
COLUMBIA, SOUTH CAROLINA
FRIDAY, FEBRUARY 17, 1989

Thank you very much, Governor Campbell. Lt. Governor Theodore, Speaker Sheehan. Members of Congress, ladies and gentlemen, thank you all. It is a great honor to be addressing this joint session of the General Assembly. This is a chamber rich in history and tradition, and I am grateful for the privilege of joining you in this hall today.

One very concrete way I plan to express my appreciation is by not talking too long. If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blott will rise up, and this chamber will echo with the words: "it's cornbread and buttermilk time."

Now, I speak to you today with great respect and in accordance with the plan our Founding Fathers designed two centuries ago: as a President of the United States addressing the freely-elected Government of a Sovereign State. And I speak to you in the spirit of bi-partisanship: I realize that some of you favor the Tigers and others favor the Gamecocks, but as President of all the people I must remain neutral. And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a famous rhythm and blues guitarist.

But a few minutes ago, I did not have to be neutral -- and I don't have to be neutral now in recognizing and congratulating

the N.A.I.A. national football champions: the Furman Paladines. We are all proud of that team.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries. In fact, the first Colonial Governor -- under the Spanish -- was the son of Christopher Columbus. Personally, I join with the people of this great State in saying that I much prefer Carroll Campbell.

And with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that traditional American values are not a hindrance to success in a modern economy, but, in fact, they are essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the American people deserve the same, and they

deserve a budget process that they can be proud, and I will work for the reforms we need.

I also want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing the tax code and by cutting the State capital gains tax.

Our experience at the National level is clear: reducing the capital gains rate has resulted in more tax revenue, not less. It helps produce the investment that means more jobs for working people. And it helps our international competitiveness -- some of our biggest trading partners, such as Japan and West Germany, have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

Cutting the top marginal personal income tax rate, as we have, has not only restored incentives and brought in more revenue, it has also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've probably heard widely conflicting accounts of it. But when it comes to the Washington budget process, so much of the rhetoric is in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but by less than had been previously projected. Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. And the people made their position clear in the election last November.

One group in Washington, Citizen's for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only 5 percent wanted to do it by raising taxes.

For those of us who hold elected office, I think it is our job, when the American people speak so clearly, to read their lips. That's why my budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more

of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

My budget does more for education, more for the environment, and more for the Space program. It makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs, because we cannot let this menace rob our children of their future.

We introduce a new child care initiative, targeted at low-income families, and designed to give real choice to working families. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We do not cut Social Security or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. I believe that defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, I think they have the right to know that we will give them the tools to defend themselves and to defend America.

And my budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by \$76 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of G.N.P. to its lowest level in ___ years.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

Because of economic growth, tax revenues are going up with no new taxes. Our projections show that without raising taxes, the Federal Government will get an additional \$80 billion to spend. The Congressional Budget Office, using their own set of economic assumptions, predicts -- not my estimate, but theirs -- that Federal tax revenues will increase next year by even more, by \$86 billion. I think our number is closer, but whether you use the Congress's number or the O.M.B. number, that's enough money to reduce the deficit down to the levels required by Gramm-Rudman-Hollings and to spend more money on priority programs.

But to do this does require that choices be made, which is what my budget does. And I am prepared to work with the Congress to keep on making those hard choices. We weren't sent to Washington to abdicate our responsibility -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately perform the services which it should.

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." That is also my personal view. And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

You know, I've visited South Carolina enough times to learn that your State flower is the yellow jessamine [JAZZ-min]. I've been told that it was selected not just for it's fragrance, but because of its resilience. The budget debate is important, but even more important is the knowledge that America is strong and she is great. That we are thriving as a Nation in the world and we are providing for our people.

As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

WHITE HOUSE STAFFING REQUEST

Presidential Remarks

SUBJECT: South Carolina General Assembly

RECEIVED/STAFFED (date/time): 2/13/89 3:35 PM
RESPONSE DUE TO DOSG (date/time): 2/13/89 5 PM. PLEASE

(Even if "no comment", response should be called in to DOSG x3060)

DISTRIBUTION WITHIN OMB

	<u>Action</u>	<u>FYI</u>		<u>Action</u>	<u>FYI</u>		<u>Action</u>	<u>FYI</u>
DARMAN	—	✓	GRADY	✓	—	UTT	—	—
COGAN	—	—	HAUN	—	✓	WEICHER	✓	—
ANDERSON	✓	—	HOLEN	✓	—	SCULLY	✓	—
ARNY	✓	—	MURR	—	—	FILE	—	—
DALE	✓	—	PLAGER	—	—	<u>CRAY</u>	✓	—
BURMAN	—	—	RAUL	✓	—	—	—	—
HALE	✓	—	RISO	✓	—	—	—	—

COMMENTS:

→ See comments on p. 3 & p. 5
p. 5 is crucial ⇒ error of fact.
Cray

(Klugmann)
February 13, 1989
1:30 p.m.

PRESIDENTIAL REMARKS: SOUTH CAROLINA GENERAL ASSEMBLY
COLUMBIA, SOUTH CAROLINA
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Check
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gains they
don't tax?

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You know, I've visited South Carolina enough times to learn that your State flower is the yellow jessamine [JAZZ-min]. I've been told that it was selected not just for its fragrance, but because of its resilience. The budget debate is important, but even more important is the knowledge that America is strong and she is great. That we are thriving as a Nation in the world and we are providing for our people.

As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all.

THE WHITE HOUSE

Office of the Press Secretary
(Columbia, South Carolina)

For Immediate Release

February 15 , 1989

REMARKS BY THE PRESIDENT
TO THE SOUTH CAROLINA STATE LEGISLATURE

The Capitol
Columbia, South Carolina

11:25 A.M. EST

THE PRESIDENT: Thank you, members of the Legislature for that really friendly South Carolina welcome. And thank you, particularly, Governor Campbell, my friend; Lieutenant Governor; Mr. Speaker; members of the Congress that are with us here today; Senator Thurmond, Floyd Spence -- and maybe I'm missing some. If so, I apologize. And ladies and gentlemen, thank all of you.

It's a great honor to be addressing this joint session of the General Assembly, and I really mean that. This is a chamber rich in history and tradition and I'm grateful for the privilege of joining you in the hall today.

There's something wonderful about how the United States comes together. And driving in on that great, big, long car and having the school kids and others out there really demonstrating their respect for the institution of the presidency is something that was special to me. And I think of it as something that South Carolinians understand very, very well, indeed. I was just saying this to the Lieutenant Governor.

One very concrete way that I plan to express my appreciation is by not going on too long. (Laughter.) If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blatt will rise up, and in this chamber will echo with the words: "It's cornbread and buttermilk time." (Applause.)

Now, I speak to you today with great respect and in accordance with the plan of our Founding Fathers designed two centuries ago -- as a President of the United States addressing the freely-elected government of a sovereign state. And I speak to you in the spirit of bipartisanship. I've got to; you've got us outnumbered. (Laughter.) And I realize that some of you people favor the Tigers and others favor the Gamecocks -- (applause) -- and, of course, some favor one or another set of Bulldogs -- but as President, I must remain neutral -- I stand with the people. (Laughter.) And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a rhythm and blues guitarist. God save the Republic. (Applause.)

values is not a hindrance to success in a modern economy, but, in fact, it is essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the nation.

And there are a number of very sound provisions South Carolina uses in this whole budget process which I think our nation as a whole would benefit from now. I think it is long overdue for the federal government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States. (Applause.)

These are essential elements disciplining the Executive Branch as well as the Legislative Branch for controlling government spending. You have them, you use them, they work, and they help protect the pocketbooks of the working people, men and women, of South Carolina. I believe that the rest of the American people deserve the same at the federal level, and they deserve a budget process that they can point to with pride. And I will work for the budget reforms that we need.

Your Governor, Carroll Campbell, has been an innovative leader who has set an example that is being acknowledged around the country. He and you, working together, have made South Carolina a model of what can be accomplished with sound policies and wise leadership. I particularly want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing your tax code and by cutting the state capital gains tax.

Our experience at the national level is clear: reducing the capital gains rate has resulted in more revenue to the federal government, not less. And it spurs investment. And investment means more jobs. And jobs mean more opportunity. And opportunity is the foundation of American progress. And a lower capital gains rate helps our international competitiveness -- all of our biggest trading partners, including Japan and West Germany, tax capital gains modestly if at all. Even as you're taking up this issue in South Carolina, my proposal at the federal level is to cut the capital gains rate down to 15 percent for investments held for three years or more.

Now, as you know, last week I proposed a budget plan for the federal government. You may have heard about it. It's getting some attention. And I'm pleased to say no one has said that it's D.O.A. If anyone does, I'll interpret that as: "Defining Opportunity for Americans." (Laughter.) (Applause.)

But when it comes to the Washington budget process, so much of the rhetoric is, as you know, a bit extravagant. Once in the heat of budget politics, a former member of this chamber, Goat Leamond, stepped back from the fray to utter the now immortal words: "When in doubt, run in circles, scream and shout." Washington, all over again. (Laughter.)

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think that they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down -- and this is the

the American people's money.

And one group in Washington, Citizens for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. And three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending, controlling the growth of spending. Only five percent in this national survey wanted to do it by raising taxes.

My budget is based on a flexible freeze with no tax increases. This budget recognizes that there are three ways government must serve the people: First, by not taking any more of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and, yes, compassion.

Even in times when reducing the deficit means tough choices, we must still set priorities. And my budget is a realistic plan that does more for education, more for the environment, and more for the space program. And it makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs because we cannot let this menace rob our children of their future. (Applause.)

And we propose a new child care initiative, targeted at low-income families and designed to give real choice to families. The family unit is vital to the economic fabric of our society. And government must not discourage parental choice and family involvement. (Applause.) And in this budget, we also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

And we don't touch Social Security -- that's off-limits. And we keep our defenses strong. Defending America is one task which is an absolute responsibility for the federal government. And this budget enables our national defense to keep up with inflation. It's gone down, net terms, for four out of the last four years. When our young men and women make a commitment to join our armed services, they have the right to know that we will give them the tools to defend themselves and to defend America.

This budget helps assure a sound economy not by raising taxes and by cutting -- but by cutting the federal deficit by more than \$75 billion. That will not only meet the Gramm-Rudman-Hollings targets, but it does even better than that. This budget will bring the deficit as a percentage of gross national product to its lowest level since the 1970's.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

But to do this does require that choices be made, which is what this budget does. And I'm prepared to work with the Congress to make those hard choices. We weren't sent to Washington -- any of us up there -- to sit on our hands -- either to pass the cost of indecision on to working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

And that's why we must make choices that keep the economy growing, preserve our national defense, and allow government adequately and compassionately to perform the services which it should do. And if we do, we can get the job done -- but not with business as usual.

One of the great United States Senators, John C. Calhoun, once said, "The very essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." And it's in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

And the members of this legislature -- all of you -- have a vital role to play. You're closer to the people -- you really are -- than those of us in Washington. You not only serve your constituents -- you're their neighbors. And you speak with the authority of people who know that government first-hand. And as we form the federal budget and reduce this deficit, I want your voices to be heard. We need your leadership. And working together we can make a great difference for all America.

You know, I've visited South Carolina enough times to learn that the state flower is the yellow jasmine. And I've been told that it was selected not just for its fragrance, but for its resilience. And the budget debate is important, but even more important is the knowledge that America is strong and she is great, and yes, she is resilient. And we're thriving as a nation, thriving in the world -- we're the envy of the world. And we're providing for our people -- got to do better.

As Americans, we don't seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this nation that we love a little better for our having passed this way. I'm glad that you and I are passing this way together.

Thank you members of this assembly, and God bless each and every one of you. And God bless the United States of America. Thank you. (Applause.)

END

11:45 A.M. EST



WHITE HOUSE STAFFING MEMORANDUM

TODAY

DATE: 2/13/89 ACTION/CONCURRENCE/COMMENT DUE BY: COB 2/14/89

SUBJECT: PRESIDENTIAL REAMRKS: SOUTH CAROLINA GENERAL ASSEMBLY

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	STUDDERT	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	<u>Griffith</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Rogers</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Winston</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Bostkin</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide your comments/recommendations directly to Chris Winston's office with an info copy to my office by close of business Tuesday, February 14. Thank you.

TODAY 13

RESPONSE:

See comment -
 General observation: it needs a "call to action" paragraph where he motivates state legislative support of his proposals, and is the catalyst to get them vocal with Congress - *mlh*

James W. Cicconi
 Assistant to the President
 and Deputy to the Chief of Staff
 Ext. 2702

(Klugmann)
February 13, 1989
1:30 p.m.

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COLUMBIA, SOUTH CAROLINA
FRIDAY, FEBRUARY 17, 1989

Thank you very much, Governor Campbell. Lt. Governor Theodore, Speaker Sheehan. Members of Congress, ladies and gentlemen, thank you all. It is a great honor to be addressing this joint session of the General Assembly. This is a chamber rich in history and tradition, and I am grateful for the privilege of joining you in this hall today.

One very concrete way I plan to express my appreciation is by not talking too long. If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blott will rise up, and this chamber will echo with the words: "it's cornbread and buttermilk time."

Now, I speak to you today with great respect and in accordance with the plan our Founding Fathers designed two centuries ago: as a President of the United States addressing the freely-elected Government of a Sovereign State. And I speak to you in the spirit of bi-partisanship: I realize that some of you favor the Tigers and others favor the Gamecocks, but as President of all the people I must remain neutral. And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a famous rhythm and blues guitarist.

But a few minutes ago, I did not have to be neutral -- and I don't have to be neutral now in recognizing and congratulating

the N.A.I.A. national football champions: the Furman Paladines. We are all proud of that team.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries. In fact, the first Colonial Governor -- under the Spanish -- was the son of Christopher Columbus. Personally, I join with the people of this great State in saying that I much prefer Carroll Campbell.

And with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that traditional American values are not a hindrance to success in a modern economy, but, in fact, they are essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the American people deserve the same, and they

deserve a budget process that they can be proud, and I will work for the reforms we need.

I also want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing the tax code and by cutting the State capital gains tax.

Our experience at the National level is clear: reducing the capital gains rate has resulted in more tax revenue, not less. It helps produce the investment that means more jobs for working people. And it helps our international competitiveness -- some of our biggest trading partners, such as Japan and West Germany, have a capital gains rate of zero-point-zero. My proposal is to cut the rate down to 15 percent for investments held for three years or more.

Cutting the top marginal personal income tax rate, as we have, has not only restored incentives and brought in more revenue, it has also shifted the tax burden onto the wealthier segment of society, with those who are better off paying a much larger share of total taxes than they did under the high rates of the past.

As you know, last week I proposed a budget plan for the Federal Government. You've probably heard widely conflicting accounts of it. But when it comes to the Washington budget process, so much of the rhetoric is in the words of a former member of this chamber, Goat Leamond, "fantastic, fantastic." Once in the heat of budget politics, Goat Leamond stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but by less than had been previously projected. Some programs have gone up in spending each year, and will go up again next year, but all that you ever hear is that they are being cut.

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money. And the people made their position clear in the election last November.

One group in Washington, Citizen's for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only 5 percent wanted to do it by raising taxes.

For those of us who hold elected office, I think it is our job, when the American people speak so clearly, to read their lips. That's why my budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more

of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

My budget does more for education, more for the environment, and more for the Space program. It makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs, because we cannot let this menace rob our children of their future.

We introduce a new child care initiative, targeted at low-income families, and designed to give real choice to working families. We also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

We do not cut Social Security or support for farmers. And we keep our defenses strong. After seeing two years of real cuts in our National defense, this budget enables defense to keep up with inflation. I believe that defending America is one task which is an absolute responsibility for the Federal Government. And when our young men and women make the commitment to join our armed services, I think they have the right to know that we will give them the tools to defend themselves and to defend America.

And my budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by \$76 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of G.N.P. to its lowest level in __ years.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

Because of economic growth, tax revenues are going up with no new taxes. Our projections show that without raising taxes, the Federal Government will get an additional \$80 billion to spend. The Congressional Budget Office, using their own set of economic assumptions, predicts -- not my estimate, but theirs -- that Federal tax revenues will increase next year by even more, by \$86 billion. I think our number is closer, but whether you use the Congress's number or the O.M.B. number, that's enough money to reduce the deficit down to the levels required by Gramm-Rudman-Hollings and to spend more money on priority programs.

But to do this does require that choices be made, which is what my budget does. And I am prepared to work with the Congress to keep on making those hard choices. We weren't sent to Washington to abdicate our responsibility -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government to adequately and compassionately perform the services which it should.

One of the great figures in American history, John Calhoun, once said, "The very essence of a free Government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." That is also my personal view. And it is in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

You know, I've visited South Carolina enough times to learn that your State flower is the yellow jessamine [JAZZ-min]. I've been told that it was selected not just for it's fragrance, but because of its resilience. The budget debate is important, but even more important is the knowledge that America is strong and she is great. That we are thriving as a Nation in the world and we are providing for our people.

As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way.

Thank you very much, and God bless you all. *And God bless America.*

THE WHITE HOUSE

Office of the Press Secretary
(Columbia, South Carolina)

For Immediate Release

February 15 , 1989

REMARKS BY THE PRESIDENT
TO THE SOUTH CAROLINA STATE LEGISLATURE

The Capitol
Columbia, South Carolina

11:25 A.M. EST

THE PRESIDENT: Thank you, members of the Legislature for that really friendly South Carolina welcome. And thank you, particularly, Governor Campbell, my friend; Lieutenant Governor; Mr. Speaker; members of the Congress that are with us here today; Senator Thurmond, Floyd Spence -- and maybe I'm missing some. If so, I apologize. And ladies and gentlemen, thank all of you.

It's a great honor to be addressing this joint session of the General Assembly, and I really mean that. This is a chamber rich in history and tradition and I'm grateful for the privilege of joining you in the hall today.

There's something wonderful about how the United States comes together. And driving in on that great, big, long car and having the school kids and others out there really demonstrating their respect for the institution of the presidency is something that was special to me. And I think of it as something that South Carolinians understand very, very well, indeed. I was just saying this to the Lieutenant Governor.

One very concrete way that I plan to express my appreciation is by not going on too long. (Laughter.) If I exceed my limit and we start to press up against lunchtime, I expect that the spirit of the late Speaker Blatt will rise up, and in this chamber will echo with the words: "It's cornbread and buttermilk time." (Applause.)

Now, I speak to you today with great respect and in accordance with the plan of our Founding Fathers designed two centuries ago -- as a President of the United States addressing the freely-elected government of a sovereign state. And I speak to you in the spirit of bipartisanship. I've got to; you've got us outnumbered. (Laughter.) And I realize that some of you people favor the Tigers and others favor the Gamecocks -- (applause) -- and, of course, some favor one or another set of Bulldogs -- but as President, I must remain neutral -- I stand with the people. (Laughter.) And this morning, in that same spirit of neutrality, Lee Atwater, as far as I'm concerned, will be thought of simply as one native son of South Carolina who happens to be a rhythm and blues guitarist. God save the Republic. (Applause.)

values is not a hindrance to success in a modern economy, but, in fact, it is essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the nation.

And there are a number of very sound provisions South Carolina uses in this whole budget process which I think our nation as a whole would benefit from now. I think it is long overdue for the federal government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States. (Applause.)

These are essential elements disciplining the Executive Branch as well as the Legislative Branch for controlling government spending. You have them, you use them, they work, and they help protect the pocketbooks of the working people, men and women, of South Carolina. I believe that the rest of the American people deserve the same at the federal level, and they deserve a budget process that they can point to with pride. And I will work for the budget reforms that we need.

Your Governor, Carroll Campbell, has been an innovative leader who has set an example that is being acknowledged around the country. He and you, working together, have made South Carolina a model of what can be accomplished with sound policies and wise leadership. I particularly want to recognize and applaud your Governor's plan for promoting even greater economic growth by modernizing your tax code and by cutting the state capital gains tax.

Our experience at the national level is clear: reducing the capital gains rate has resulted in more revenue to the federal government, not less. And it spurs investment. And investment means more jobs. And jobs mean more opportunity. And opportunity is the foundation of American progress. And a lower capital gains rate helps our international competitiveness -- all of our biggest trading partners, including Japan and West Germany, tax capital gains modestly if at all. Even as you're taking up this issue in South Carolina, my proposal at the federal level is to cut the capital gains rate down to 15 percent for investments held for three years or more.

Now, as you know, last week I proposed a budget plan for the federal government. You may have heard about it. It's getting some attention. And I'm pleased to say no one has said that it's D.O.A. If anyone does, I'll interpret that as: "Defining Opportunity for Americans." (Laughter.) (Applause.)

But when it comes to the Washington budget process, so much of the rhetoric is, as you know, a bit extravagant. Once in the heat of budget politics, a former member of this chamber, Goat Leamond, stepped back from the fray to utter the now immortal words: "When in doubt, run in circles, scream and shout." Washington, all over again. (Laughter.)

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think that they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down -- and this is the

the American people's money.

And one group in Washington, Citizens for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. And three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending, controlling the growth of spending. Only five percent in this national survey wanted to do it by raising taxes.

My budget is based on a flexible freeze with no tax increases. This budget recognizes that there are three ways government must serve the people: First, by not taking any more of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and, yes, compassion.

Even in times when reducing the deficit means tough choices, we must still set priorities. And my budget is a realistic plan that does more for education, more for the environment, and more for the space program. And it makes a larger investment in scientific research, to help keep America competitive into the next century. It spends more on the Head Start program to help make America strong into the next generation. And there is another \$1 billion in outlays to fight drugs because we cannot let this menace rob our children of their future. (Applause.)

And we propose a new child care initiative, targeted at low-income families and designed to give real choice to families. The family unit is vital to the economic fabric of our society. And government must not discourage parental choice and family involvement. (Applause.) And in this budget, we also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

And we don't touch Social Security -- that's off-limits. And we keep our defenses strong. Defending America is one task which is an absolute responsibility for the federal government. And this budget enables our national defense to keep up with inflation. It's gone down, net terms, for four out of the last four years. When our young men and women make a commitment to join our armed services, they have the right to know that we will give them the tools to defend themselves and to defend America.

This budget helps assure a sound economy not by raising taxes and by cutting -- but by cutting the federal deficit by more than \$75 billion. That will not only meet the Gramm-Rudman-Hollings targets, but it does even better than that. This budget will bring the deficit as a percentage of gross national product to its lowest level since the 1970's.

Now already some people have asked me how is it possible to do all this without raising taxes. The answer is straightforward, and it needs to be emphasized again and again.

But to do this does require that choices be made, which is what this budget does. And I'm prepared to work with the Congress to make those hard choices. We weren't sent to Washington -- any of us up there -- to sit on our hands -- either to pass the cost of indecision on to working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

And that's why we must make choices that keep the economy growing, preserve our national defense, and allow government adequately and compassionately to perform the services which it should do. And if we do, we can get the job done -- but not with business as usual.

One of the great United States Senators, John C. Calhoun, once said, "The very essence of a free government consists in considering offices as public trusts, bestowed for the good of the country, and not for the benefit of an individual or a party." And it's in that spirit that I will seek to work with the United States Congress -- not as members of competing political parties, but as cooperating public servants.

And the members of this legislature -- all of you -- have a vital role to play. You're closer to the people -- you really are -- than those of us in Washington. You not only serve your constituents -- you're their neighbors. And you speak with the authority of people who know that government first-hand. And as we form the federal budget and reduce this deficit, I want your voices to be heard. We need your leadership. And working together we can make a great difference for all America.

You know, I've visited South Carolina enough times to learn that the state flower is the yellow jasmine. And I've been told that it was selected not just for its fragrance, but for its resilience. And the budget debate is important, but even more important is the knowledge that America is strong and she is great, and yes, she is resilient. And we're thriving as a nation, thriving in the world -- we're the envy of the world. And we're providing for our people -- got to do better.

As Americans, we don't seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this nation that we love a little better for our having passed this way. I'm glad that you and I are passing this way together.

Thank you members of this assembly, and God bless each and every one of you. And God bless the United States of America. Thank you. (Applause.)

END

11:45 A.M. EST

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE UNTIL
11:20 A.M. EST
WEDNESDAY, FEBRUARY 15, 1989

TEXT OF REMARKS BY THE PRESIDENT
TO THE SOUTH CAROLINA STATE LEGISLATURE

House Chamber
State Capitol
Columbia, South Carolina

February 15, 1989

It is a great honor to be addressing this joint session of the General Assembly. This is a chamber rich in history and tradition, and I am grateful for the privilege of joining you in this hall today.

I speak to you today with great respect and in accordance with the plan our Founding Fathers designed two centuries ago: as a President of the United States addressing the freely-elected Government of a Sovereign State.

A President cannot stand here without noting that the Great State of South Carolina has one of the oldest histories in our Republic, spanning nearly five centuries.

But with all of South Carolina's great sense of tradition, this has also in recent years been the site of dynamic economic growth that has so greatly improved the lives of the people of this State. I believe that South Carolina is proof that an abiding respect for traditional American values is not a hindrance to success in a modern economy, but, in fact, it is essential to it. And I want to keep the economy expanding so that it reaches every person in South Carolina and in the Nation.

There are a number of very sound provisions South Carolina uses in its budget process which I think our Nation as a whole would benefit from. I think it is long overdue for the Federal Government to catch up with South Carolina by giving the chief executive a line-item veto and by adding a balanced budget amendment to the Constitution of the United States.

These are essential instruments for controlling Government spending: you have them, you use them, they work, and they help protect the pocketbooks of the working people of South Carolina. I believe that the rest of the American people deserve the same at the Federal level, and they deserve a budget process that they can point to with pride. And I will work for the budget reforms

progress. And a lower capital gains rate helps our international competitiveness -- all of our biggest trading partners, including Japan and West Germany, tax long-term capital gains modestly if at all. Even as you are taking up this issue in South Carolina, my proposal at the Federal level is to cut the capital gains rate down to 15 percent for investments held for three years or more.

Now, as you know, last week I proposed a budget plan for the Federal Government. You may have heard about it. It's getting some attention. And I'm pleased to say no one has said it's D.O.A. If anyone does, I'll interpret that as: "Defining Opportunity for Americans."

But when it comes to the Washington budget process, so much of the rhetoric is, as you know, a bit extravagant. Once in the heat of budget politics, a former member of this chamber, Goat Leamond, stepped back from the fray to utter the immortal words: "When in doubt, run in circles, scream and shout."

But in Washington, with all the shouting that sometimes occurs, the words don't mean the same things that most people think they mean. When they talk about budget cuts in Washington, that usually doesn't mean that spending is going down, which would seem to be the obvious meaning. No, it usually means that spending is going up, but at a slower pace.

Senator Rudman said this: Washington is the only town where a man making \$20,000 can ask his boss for a \$10,000 raise; and, then, when the boss gives him instead a \$5,000 raise, the story comes out: "Man's salary cut by \$5,000."

On the revenue side, I have taken a pledge to the American people, and I am going to keep it: No new taxes. That's what the people of this State and the American people as a whole voted for. And the bottom-line in the Federal budget is that it's not my money, it's not the Congress's money, it's the American people's money.

One group in Washington, Citizens for a Sound Economy, commissioned the Roper Organization to conduct a poll on taxes, spending, and the budget deficit. Three out of four Americans surveyed said that the way they want us to reduce the deficit is by holding down spending. Only five percent wanted to do it by raising taxes.

My budget is based on a flexible freeze with no new taxes. This budget recognizes that there are three ways Government must serve the people: First, by not taking any more of their hard-earned money than is absolutely necessary. Secondly, by creating the environment that permits economic growth, new jobs, and greater opportunity. And finally, by doing the very best to help people with the money that is spent by Government, caring for those in need, protecting what we hold in common, and serving the people with efficiency and compassion.

Even in times when reducing the deficit means tough choices, we must still set priorities. And my budget is a realistic plan

family unit is vital to the very fabric of our society. Government must not discourage parental choice and family involvement.

In this budget, we also restore and double the tax deduction for adopting special needs children. And we commit a billion dollars to deal with the problems of the homeless.

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This budget helps assure a sound economy by not raising taxes and by cutting the Federal deficit by more than \$75 billion. That will not only meet the Gramm-Rudman-Hollings deficit limit, but it does even better than that. This budget will bring the deficit as a percentage of GNP to its lowest level since the 1970's.

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But to do this does require that choices be made, which is what this budget does. And I am prepared to work with the Congress to make those hard choices. We weren't sent to Washington to sit on our hands -- either to pass the cost of indecision onto working Americans by raising their taxes, or to fail to reduce the deficit, which will cause the cuts to be done automatically under the law.

That's why we must make choices that keep the economy growing, preserve our national defense, and allow Government adequately and compassionately to perform the services which it should. If we do, we can get the job done -- but not with business as usual.

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As Americans, we do not seek a world without challenges, but, rather, a chance to overcome the challenges that are before us and to leave this Nation that we love a little better for our having passed this way. I am glad that you and I are passing this way together.

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