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OA/ID Number: 13546
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Folder Title:
Budget Agreement Address 10/25/90 [OA 6026]

Stack:	Row:	Section:	Shelf:	Position:
G	26	16	5	3

p240X

MARK
GOTTIS

Davis/Blymire



Title: Harry
Date: Oct. 20, 1990
Draft: Two

PRESIDENTIAL ADDRESS: EAST ROOM
((Time)), WEDNESDAY, OCTOBER 24, 1990

Welcome to the White House, please be seated.

After months of frustration and delay, Congress sent me a deficit-reduction bill I ~~could~~ sign -- an agreement to save more than \$500 billion in five years. I want to tell you -- small businessmen and women, and the American people -- what our bipartisan federal budget agreement will achieve, what it won't achieve, and what it reveals about the ways of Washington.

First, let me tell you why our agreement will benefit you and your loved ones.

We faced this budget crisis because Congress writes the checks, and it ~~is~~ overdrawn by as much as \$300 billion. When you write a bad check, you pay a fine. And when Congress writes bad checks, we all pay a fine in the form of higher interest rates.

So had we failed, interest rates would have risen sharply. But in the last week, interest rates fell by ((percent)). For the typical American, every one-and-a-half percent drop in interest rates can mean a reduction of about \$110 ~~per month~~ in your monthly mortgage payments.

Lower interest rates will also mean tens of thousands of housing starts, and better auto sales. Most of all, by reducing the federal government's drain on our national savings, our

agreement will spur job creation and investment -- **and give our children a chance for a better future.**\\\

You know it's almost impossible to get Congress to vote for even minuscule spending cuts. No surprise, since federal spending has ((doubled)) in a decade. But this time we got Congress to agree to ((\$100)) ~~b~~ million in spending cuts -- **the biggest ever -- and the first five-year curb on spending ever.**\\\

And, should the Congressional mood change -- and you can bet it will -- Congress will find that these cuts cannot be rescinded, because they are already **enforced by law -- these spending cuts and spending caps are real.**\\\

We've also passed a law to put Congress on the pay-as-you-go plan. No longer will Congress be able to fund programs on promises. From now on, before Congress can pass new programs, **it will first have to pay for them.**\\\

Finally, our agreement is a long-overdue show of national resolve for the world. And it is an even greater show of American confidence for an unprincipled predatory ~~power~~ -- Iraq. Some liberals in the Congress wanted reckless cuts in defense spending. But I held the line to protect our Armed Forces from meat-ax cuts. Although I agreed to almost ((\$70 billion)) in defense reductions, **I will never agree to jeopardize America, or our servicemen and women in the Persian Gulf.**\\\

So all in all, our agreement is unprecedented, long-overdue, ~~and~~ absolutely necessary. But I am not here today to join the Congress in a carnival of self-congratulation. We came to this

agreement too late -- six months too late. We could have had this agreement in May, in June or in August. Instead, Congress has once again busted its self-imposed deadlines and given me a budget to sign at the 11th hour; so late, in fact, that we are now at the brink of a downturn that could have been avoided.

Some compare this budget agreement to the Constitutional Convention. And yet, how stunted the ambitions of the capital seem when compared to those of its Founders; how petty this budget deal seems when compared to the progressive Square Deal of Teddy Roosevelt, the New Deal of Franklin Roosevelt, or the Fair Deal of Harry Truman; how narrow our goals seem when compared to those of a generation that built affordable homes for millions, highways across a continent, and sent a man to the Moon.

Our government simply isn't equal to the American people and their dreams. Why? Because for decades we've been ruled by a divided government, especially by a Congress jealous of its prerogatives, perks and powers.

We want America to grow, and to move, year by year, a little closer to the stars. Yet this budget does little to actively promote growth and progress, to keep this country moving. I believe we can do more, much more. But in the name of bumper sticker slogans about "fairness," the Congress resisted our every effort to create incentives for growth.

I believe that with a \$1.2 trillion budget, we can find ways to renew our government -- to rethink and restructure our

programs from the ground up -- to throw ideas as well as money at our problems.

But Congress makes its programs in its own image. And Congress would rather raise taxes than raise the issue of reform. So, to help the economy, I was forced against my every instinct to agree to allow a modest increase in consumption taxes -- ((I call it tax-broccoli.)) This is a necessary price I had to pay to keep the majority that rules Congress at the table. I make no apologies. This is simply the cost of divided government.

But I also know most Americans watch the workings of Congress with utter bafflement. And why not? I challenge any Member of Congress, on either side of the aisle, to suggest that good government can come from a body served by 30,000 staff members, and with nearly 300 committees and subcommittees. **Congress is a chaos of committees, a confusion of command, an anarchy of egos.**

And when Congress speaks, it speaks in an arcane, Alice-in-Wonderland language. For example, if you spend \$1,000 on groceries in one year, and \$1,100 the next -- you'd consider that a ten-percent increase. Only those who live in the never-never land inside the Washington Beltway would call discretionary spending increases of ((ten percent)) every year "cuts" simply because they fall short of extravagant expectations.

Congress views even the most solemn obligations of governing as bonanzas. For example, when I urged Congress to pass emergency funds to help new and fragile democracies in Panama and

Nicaragua -- their bill came to me three months late and loaded with more than \$1.3 billion in unrequested, unrelated and unworthy domestic spending.

Even under the pressure of a budget crisis, conferees on Saturday still made us accept an 18.8 percent increase for homestate projects, just business as usual in Washington, D.C. ((Other examples -- bigger tax break for rich art donors?)) Even as Congress voted to cut Medicare, they also voted to spend \$1 million to develop a national transportation plan for walkers and bicyclists. I say if Congress wants a plan to tell us how to walk -- spending more in taxes than most people pay in their lifetime -- **then perhaps it's time Congress took a walk.**\\\

Frankly, these items are about as welcome at the White House as a Christmas fruitcake. A President isn't given the option of paring this cake by a single slice, or even plucking one single item. It's all or nothing.

Never have I felt more in need of a line-item veto. Never should a people and their president have to accept this kind of waste. **And never again should a people and their president face a Congress that plays chicken with the economy.**\\\

But the situation is far from hopeless. The American people are watching. They see that when their Congress asks them to tighten their belts, it always loosens its own.

And they will know that my greatest achievement in this agreement is what I managed to **prevent** Congress from doing -- especially when I kept Congress from repealing "indexing."

Let me tell you what this means. For years, Washington was a silent partner in inflation, using it to raise taxes on working families year after year, all without a single up-and-down vote in Congress. The rich remain unaffected by indexing, so this is a tax on working America.

Well, eventually, working Americans rose up in outrage; forcing Congress to pass a law to keep inflation from lifting you into ever higher tax brackets by indexing your income. Indexation became your protective shield against a form of invisible taxation known as "bracket creep."

But had this Administration not stood firm, the House of Representatives would ^{have} taken your shield away, exposing you to "bracket creep" with a vengeance. If you are married with two children and make \$34,000 -- this House would have raised your income taxes by \$313.50 -- all without a single honest vote. Now I ask you: Is that "fairness"?

This Congress -- lacking the courage of its convictions -- was willing to let inflation do their dirty work for them.

Well, that proposal appalled me.

That proposal angered me.

And as long as I'm your President -- the inflation tax will never get past my desk.\\\

Common sense tells us that when tax rates are too high, incentives are too low for people to save, invest and help create new jobs. But Congress doesn't know the difference between milking a cow and sending it to slaughter. Congress, in its long

reign, has come to resemble the Bourbon kings of France: They learn nothing and they forget nothing.

But **we** have learned something: When Congress raises income taxes on the few, it is always the beginning of a backdoor attempt to raise it on the many. That is why I am determined **Congress will never raise income tax rates on the middle-class.**

Yes, I am also determined to reduce the deficit. But I am even more determined to continue economic growth. Yes, I am determined to cut government. But I am even more determined to **reform** government, to make it work.

We have an almost sacred obligation not to squander the generosity and compassion of the American people. There is so much we could achieve if we could direct Washington to empower people, to work with them.

In education, we want to empower parents to choose their children's schools. In child care, we want to empower parents to choose who will watch over their children. In the most desolate inner cities, we strive to remove barriers to opportunity so the spirit of enterprise can take root and bloom. *bloom. bloom.*

Yet this Congress would rather pass a "National Home Care Week," instead of our housing ^{IAW} ~~bill~~ to empower public housing tenants, to let them take charge of their lives. This Congress would rather pass a "Vocational/Technical Education Week," instead of our Educational Excellence Act to empower state and local leaders, parents and teachers to reform our schools. This Congress would rather pass a "National Crime Prevention Month,"

STEP

our

bill

instead of making our streets safer with our tough new crime bill -- now a year and a half in the hopper.

In short, this is a Congress long on words and short on deeds. A lot of sound and fury, signifying nothing.

The status quo is stagnation incarnate. America needs change. America needs a fresh start.\\\

Harry Truman reminded us that only a President represents all the people; only a President can stick up for the national interest, and demand a fresh start. And make no mistake -- in our lifetime, we have seen Congress itself become the biggest and most entrenched special-interest of all time.\\\

We have seen it become a perpetual Congress that expects to rule for eternity. We have seen the House closest to the people become a House of Lords.\\\

Like all aristocracies and elite institutions, Congress maintains its privileges through the naked use of power. It rejected our proposals for campaign finance reform. And when it comes ((to the Civil Rights Act, the American with Disabilities Act,)) and government ethics laws -- Congress keeps itself exempt and above the law.

Well, I believe it is again time for a fresh start -- if not in this election, then surely in the next. The American people are slow to anger. But when they do, their anger is a splendid and righteous thing to behold.

JIM WANTS TO CUT

So in the remaining weeks of this campaign season, and for the rest of my presidency, I will take a message to the people:

OR minimum wage? Overtime? Wage laws

America doesn't need a House of Lords.\\\ America needs a new Congress.\\\ And I need a Congress that will work with me.\\\

Let the American voters decide. Let them give America a fresh start for reform and a better future.

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

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DRAFT

[Quote on compromise. We had to compromise. defer. We had to compromise.]

Davis/Blymire
Title: Harry
Date: Oct. 20, 1990
Draft: Two

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((Time)), WEDNESDAY, OCTOBER 24, 1990

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~~First, let me tell you why our agreement will benefit you and your loved ones.~~

AFTER

First, I want to say that I signed this agreement with great reluctance. We could have had a much better agreement. And we could have signed it six months ago. Unfortunately we had to wait till five minutes before midnight because the Congressional budget process has broken down. I had to accept this deal because the national interest requires it. But I'm not

We faced this budget crisis because Congress writes the checks, and it ^{has} overdrawn by as much as \$300 billion. When you write a bad check, you pay a fine. And when Congress writes bad checks, we all pay a fine in the form of higher interest rates.

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Lower interest rates will also mean tens of thousands of housing starts, and better auto sales. Most of all, by reducing the federal government's drain on our national savings, our

While I can understand why some member of my party may have had to go the other way. I wanted to reduce the deficit with a credible balance of spending cuts. The Democrats ...

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agreement will spur job creation and investment -- and give our children a chance for a better future.\\\

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You know it's almost impossible to get Congress to vote for even minuscule spending cuts. No surprise, since federal spending has ((doubled)) in a decade. But this time we got Congress to agree to ((^{reduce the rate of growth} \$100)) billion in spending cuts --the biggest ever -- and the first five-year curb on spending ever.\\\

And, should the Congressional mood change -- and you can bet it will -- Congress will find that these cuts cannot be rescinded, because they are already enforced by law -- these spending cuts and spending caps are real.\\\

✓

We've ^{the agreement} also, ~~passed a law~~ to put Congress on the pay-as-you-go plan. No longer will Congress be able to fund programs on promises. From now on, before Congress can pass new programs, it will first have to pay for them.\\\

Finally, our agreement ^{at long last demonstrates to the world our} ~~is a long-overdue show~~ of national resolve, ~~for the world~~. And it is an even greater show of American confidence for an unprincipled predatory power -- Iraq. Some liberals in the Congress wanted reckless cuts in defense spending. But I held the line to protect our Armed Forces from meat-ax cuts. Although I agreed to almost ((\$70 billion)) in defense reductions, I will never agree to jeopardize America, or our servicemen and women in the Persian Gulf.\\\

So all in all, ^{this} ~~our~~ agreement is unprecedented, long-overdue and absolutely necessary. ~~But I am not here today to join the~~ Congress in a carnival of self-congratulation. We came to this

Congress

agreement too late -- six months too late. We could have had this agreement in May, in June or in August. Instead, Congress has once again busted all its self-imposed deadlines, and given me a budget to sign at the 11th hour; so late, in fact, that we are now at the brink of a downturn that could have been avoided.

The Democratic majority that controls Congress held the economy hostage while it stalled down -- they chose the horrible way because they were so stoned for money to spend.

They didn't just wait till the 11th hr., they waited till well after midnight -- 2:30 in the morning.

We are 24 days into the new fiscal yr.

The Democrats talk a lot about fairness. Well let me tell you what really isn't fair. ~~Unemployment~~ isn't fair.

Some compare this budget agreement to the Constitutional Convention. And yet, how stunted the ambitions of the capital seem when compared to those of its Founders; how petty this budget deal seems when compared to the progressive Square Deal of Teddy Roosevelt, the New Deal of Franklin Roosevelt, or the Fair Deal of Harry Truman; how narrow our goals seem when compared to those of a generation that built affordable homes for millions, highways across a continent, and sent a man to the Moon.

So if a Dem. Member of Congress tells you that he's vote against slow growth, ask him or her why she was part of the majority that blocked action -- the people's business --

Our government simply isn't equal to the American people and their dreams. Why? Because for decades we've been ruled by a divided government, ~~especially~~ ^{more + more} by a Congress jealous of its prerogatives, perks and powers.

for half a year to resist every bit of what dem. political advantage they could.

We want America to grow, and to move, year by year, a little closer to the stars. Yet this budget does ^{only} little to actively promote growth and progress, to keep this country moving. I believe we can do more, much more. But in the name of bumper sticker slogans about "fairness," the Congress resisted our every effort to create incentives for growth. Such short-sighted thinking may prevail in this Congress, but you can count on me to pursue growth in the next Congress. I believe that with a \$1.2 trillion budget, we can find ways to renew our government -- to rethink and restructure our

The Democrats' platform consists of a lot of 3 letter words: tax, tax, tax. Their lips said soak the rich, but their actions spoke louder: ~~defeat~~ delay indexing, not to credit had ever deeper in the pocket of the working man.

The Democrats even demanded a tax on a tax.

programs from the ground up -- to ^{push new} throw ideas as well as ^{How} money at our problems.

But Congress makes its programs in its own image. And Congress would rather raise taxes than raise the issue of reform. So, to help the economy, I was forced against my every instinct to agree to allow a modest increase in consumption taxes -- ((I call it tax-broccoli.)) This is a necessary price I had to pay to keep the majority that rules Congress at the table. I make no apologies. This is simply the cost of divided government.

But I also know most Americans watch the workings of Congress with utter bafflement. And why not? I challenge any Member of Congress, on either side of the aisle, to suggest that good government can come from a body served by 30,000 staff members, and with nearly 300 committees and subcommittees. Congress is a chaos of committees, a confusion of command, an anarchy of egos.

And when Congress speaks, it speaks in an arcane, Alice-in-Wonderland language. For example, if you spend \$1,000 on groceries in one year, and \$1,100 the next -- you'd consider that a ten-percent increase. Only those who live in the never-never land inside the Washington Beltway would call discretionary spending increases of ((ten percent)) every year "cuts" simply because they fall short of extravagant expectations.

But if Congress wanted to spend \$1200, they'd call the increase to \$1100 a cut!

That's the term they use here in Washington for the \$-billion in additional spending. Congress views even the most solemn obligations of governing as bonanzas. For example, when I urged Congress to pass emergency funds to help new and fragile democracies in Panama and

"Discretionary" spending

That's the term they use here in Washington for the \$-billion in additional spending.

Think about.

When does it digt ~~the~~, what happens to your discretionary spend. Do you increase optional spending

by 10%, or do you cut back. Only in Washington can luxury spending count as to be necessities in the budgets of tomorrow

Nicaragua -- their bill came to me three months late and loaded with more than \$1.3 billion in unrequested, unrelated and unworthy domestic spending.

Even under the pressure of a budget crisis, conferees on Saturday still made us accept an 18.8 percent increase for homestate projects, just business as usual in Washington, D.C. ((Other examples -- bigger tax break for rich art donors.)) And, as Congress voted to cut Medicare, they also voted to spend \$1 million to develop a national transportation plan for walkers and bicyclists. I say if Congress wants a plan to tell us how to walk -- spending more in taxes than most people pay in their lifetime -- then perhaps it's time this Congress took a walk.\\\

Frankly, these ^{budget} items are about as welcome at the White House as a Christmas fruitcake, ^{full of nutty programs,} A President isn't given the option of paring this cake by a single slice, or even plucking one single ^{+ lots + lots of lib of sugar} item. It's all or nothing.

Never have I felt more in need of a line-item veto. Never should a people and their president have to accept this kind of waste. And never again should a people and their president face a Congress that plays chicken with the economy.\\\

But the situation is far from hopeless. The American people are watching. They see that when their Congress asks them to tighten their belts, it always loosens its own.

They will know that my greatest achievements in this agreement is what I managed to **prevent** Congress from doing. And I am proudest that I kept Congress from repealing "indexing."

Let me tell you what this means. For years, Washington was a silent partner in inflation, using it to raise taxes on working families year after year, all without a single up-and-down vote in Congress. The rich remain unaffected by indexing, ^{because they are already in the top bracket.} so this is a tax on working America, *pure + simple*

Well, eventually, working Americans rose up in outrage; forcing Congress to pass a law to keep inflation from lifting you into ever higher tax brackets by indexing your income. Indexation became your protective shield against a form of invisible taxation known as "bracket creep."

But had this Administration not stood firm, the House of Representatives would have taken your shield away, exposing you to "bracket creep" with a vengeance. If you are married with two children and ^{have a taxable income of} make \$34,000 -- this ^{Democratically-led} House would have raised your income taxes by \$313.50 -- all without a single honest vote. ^{I call it: how to succeed in spending w/o really doing.} Now I ask you: Is that "fairness"?

This Congress -- lacking the courage of its convictions -- ^{pages} was ~~willing~~ to let inflation do their dirty work for them.

Well, that proposal appalled me.

That proposal angered me.

And as long as I'm your President -- the inflation tax will never get past my desk.\\\ ^{So when your Democratic Member of Congress tells you that the program is not "fair," tell him that the House leadership plan to soak the middle class w/o having to vote on it is the most unfair thing since} Common sense tells us that when tax rates are too high, incentives are too low for people to save, invest and help create new jobs. But Congress doesn't know the difference between milking a cow and sending it to slaughter. Congress, in its long

reign, has come to resemble the Bourbon kings of France: They learn nothing and they forget nothing.

((But we have learned something: When Congress raises income taxes on the few, it is always the beginning of a backdoor attempt to raise it on the many. That is why I am determined Congress will never raise income tax rates on ^{working America} ~~the middle-class~~.)

Yes, I am also determined to reduce the deficit. But I am even more determined to continue economic growth. Yes, I am determined to cut government. But I am even more determined to reform government, to make it work.

We have ² ~~an almost~~ sacred obligation not to squander the generosity and compassion of the American people. There is so much we could achieve if we could direct Washington to empower people, and work with them ^{to fulfill their dreams + become more competitive.}

In education, we want to empower parents to choose the schools their children will attend. In child care, we want to empower parents to choose who will watch over their children. In the most desolate inner cities, we want the spirit of enterprise to blossom ^{in new zones of opportunity. And we want those streets -- and all streets -- to be safe for crime}. Throughout America, we want to remove barriers to ^{upward} ~~opportunity~~. ^{mobility + happiness. equal opportunity. We want}

Yet this Congress would rather pass a "National Home Care Week," instead of our housing bill to empower public housing tenants, to let them take charge of their lives. This Congress would rather pass a ^{proclamation on} "Vocational/Technical Education Week," instead of our Educational Excellence Act to empower state and local leaders, parents and teachers to reform our schools. This

Congress would rather pass a "National Crime Prevention Month," instead of making our streets safer with our tough new crime bill -- now a year and a half in the hopper.

In short, this is a Congress long on words and short on deeds. A lot of sound and fury, signifying nothing.

The status quo is stagnation incarnate. America needs change. America needs a fresh start.

Harry Truman reminded us that only a President represents all the people; only a President can stick up for the national interest, ^{and stand up against the special interest. only the President can} ~~and~~ demand a fresh start. And make no mistake -- in our lifetime, we have seen Congress itself become the biggest and most entrenched special-interest of all time.\\\

We have seen it become a perpetual Congress that expects to rule for eternity. We have seen the House ^{intended to be the closest institution} closest to the people become a House of Lords.\\\

Like all aristocracies and elite institutions, Congress maintains its privileges through the naked use of power. It ^{do clean up the dirty PAC} rejected our proposals for campaign finance reform. And when it comes ((to the Civil Rights Act, the American with Disabilities ^{politics that makes} Act,)) and government ethics laws -- Congress keeps itself exempt ^{incumbents to feather} and above the laws ^{that make America a better place.}

~~Well, I believe it is again time for a fresh start -- if not in this election, then surely in the next.~~ The American people are slow to anger. But when they do, their anger is a splendid and righteous thing to behold.

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So in the remaining weeks of this campaign season, and for the rest of my presidency, I will take a message to the people:

America doesn't need a House of Lords.\\\ America needs a new, responsive, responsible Congress.\\\ ^{America} And I need a Congress that will work with me.\\\

Let the American voters decide. Let them give America a fresh start for reform and a better future. ^{the President for the good of all.} Give me a new Congress I can work with.

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

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Document No. 184647

90 OCT 23 9:28

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10/22/90 ACTION/CONCURRENCE/COMMENT DUE BY: NOON 10/23/90

SUBJECT: PRESIDENTIAL ADDRESS: EAST ROOM
(10/20 draft four)

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:
Please provide any comments/recommendations directly to Chriss Winston by Noon on Tuesday, 10/23, with a copy to my office. Thanks.

RESPONSE:

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

CLOSE HOLD

90 OCT 22 PM 4:58

Davis/Blymire
Title: Harry
Date: Oct. 20, 1990
Draft: Four

PRESIDENTIAL ADDRESS: EAST ROOM
10:30 a.m., THURSDAY, OCTOBER 25, 1990

Welcome to the White House, please be seated.

After months of frustration and delay, Congress sent me a deficit-reduction bill I could sign -- an agreement to save more than \$500 billion in five years. I want to tell you -- here in this room, as well as the American people -- what our bipartisan federal budget agreement will achieve, what it won't achieve, and what it reveals about the ways of Washington. And I want to register a message with Congress before I leave town.

((First, I signed this agreement with great reluctance. We could have had done much better. Unfortunately, the Congressional budget process broke down. It was five minutes after midnight. And Congress left it to me to defend the national interest.

((Of course, I understand why some members of my own party may have had to go the other way. I wanted to reduce the deficit with a careful balance of spending cuts. The Democrats wanted to raise taxes and slash defense. Faced with this choice, I decided it was better to lose the saddle than the horse. But we are all sick and tired of those who play politics with America's future.

((We faced this budget crisis because Congress writes the checks, and was overdrawn by as much as \$300 billion. When you

write a bad check, you pay a fine. But when Congress writes bad checks, we all pay a fine in the form of higher interest rates.

((Fortunately, the eventual lower interest rates this deal could bring might mean tens of thousands of housing starts, and better auto sales.\\)

((You know it's almost impossible to get Congress to vote for even minuscule spending cuts. No surprise, since federal spending has ((doubled)) in a decade. But this time we got Congress to agree to reduce the rate of growth with the first five-year curb on spending ever.\\)

((And, should the Congressional mood change -- and you can bet it will -- Congress will find that these cuts cannot be rescinded, because they are already enforced by law -- these spending cuts and spending caps are real.\\)

((Also, this agreement puts Congress on the pay-as-you-go plan. No longer will it be able to fund programs on promises. From now on, before Congress can pass new programs, it will first have to pay for them.\\)

((Finally, our agreement at long last demonstrates to the world our resolve. And it is an even greater show of American confidence for an unprincipled predator -- Iraq. Some liberals in the Congress wanted reckless cuts in defense spending. But I held the line to protect our Armed Forces from meat-ax cuts. Although I agreed to almost ((\$70 billion)) in defense reductions, I will never agree to jeopardize America, or our servicemen and women in the Persian Gulf.\\))

So all in all, this agreement is unprecedented, long-overdue, absolutely necessary. But I will not join the Congress in a carnival of self-congratulation. We could have had this agreement in May, in June or in August. Congress didn't have to wait until 24 days into the new fiscal year, while it hunted for every last morsel of political opportunity.

But the Democrat majority that controls Congress held a slowing economy hostage, choking the throttle. Congress has once again busted its self-imposed deadlines and given me a budget to sign at the 11th hour; so late, in fact, that we are now at the brink of a downturn that could have been avoided.

You hear the Democrats talk a lot about fairness. Well let me tell you what really isn't fair: unemployment isn't fair. And if you hear a Democrat Member of Congress bemoan a slow economy, ask your legislator why their majority blocked the people's business for half a year.

Some compare this budget agreement to the Constitutional Convention. And yet, how stunted the ambitions of the Capitol seem when compared to those of the Founders; how petty this budget deal seems when compared to the progressive Square Deal of Teddy Roosevelt, the New Deal of Franklin Roosevelt, or the Fair Deal of Harry Truman; how narrow our goals seem when compared to those of a generation that built affordable homes for millions, highways across a continent, and sent a man to the Moon.

The problem isn't with the American people and their dreams. It's with our government. Why? Because for decades we've been

ruled by a divided government, increasingly by a Congress jealous of its prerogatives, perks and powers.

We want America to grow, and to become, year by year, an ever greater nation. Yet this budget does only a little to actively promote growth and progress. I believe we can do more, much more. But in the name of bumper sticker slogans about "fairness," the Congress resisted our every effort to create incentives for growth. The Democrat's platform consists of a three-letter word: tax, tax, tax. They say "soak the rich," but their actions speak louder: get the government to dig ever deeper into the pockets of working Americans. Such short-sighted thinking may prevail in this Congress, but you can count on me to pursue growth with the next Congress.\\\

I believe that with a \$1.2 trillion budget, we can find ways to renew our government -- to rethink and restructure our programs from the ground up -- to advance new ideas as well as throw money at our problems.

But Congress makes its programs in its own image. And Congress would rather raise taxes than raise the issue of reform. For the good of the economy, we paid a price; and that price is taxes. It is also the price paid to keep the majority that rules Congress at the table. I make no apologies. This is simply the cost of divided government.

But I also know most Americans watch the workings of Congress with utter bafflement. And why not? I challenge any Member of Congress, on either side of the aisle, to suggest that

good government can arise from a body served by 30,000 staff members, and with nearly 300 committees and subcommittees. Congress is a chaos of committees, a confusion of command, an anarchy of egos.

And when Congress speaks, it speaks in an arcane, Alice-in-Wonderland language. For example, if you spend \$1,000 on groceries in one year, and \$1,100 the next -- you'd consider that a ten-percent increase. Only those who live in the never-never land inside the Washington Beltway would call discretionary spending increases of ((ten percent)) every year "cuts" simply because they fall short of extravagant expectations.

Congress views even the most solemn obligations of governing as bonanzas. Even under the pressure of a budget crisis, conferees on Saturday still forced through an 18.8 percent increase for many homestate projects. ((Other examples -- bigger tax break for rich art donors?)) Even as Congress voted to cut Medicare, they also voted to spend \$1 million to develop a national transportation plan for walkers and bicyclists. I say if Congress wants a plan to tell us how to walk -- spending more in taxes than most people pay in their lifetime -- then perhaps it's time Congress took a walk.\\\

Never have I felt more in need of a line-item veto. Never should a people and their president be presented with such waste. And never again should a people and their president face a Congress that plays chicken with the economy.\\\

But the situation is far from hopeless. The American people are watching. They see that when their Congress asks them to tighten their belts, it always loosens its own.

And they will know that my greatest achievement in this agreement is what I managed to prevent Congress from doing: I kept Congress from repealing "indexing."\\\

For years, Washington was a silent partner in inflation, using it to raise taxes on working families year after year, all without a single up-and-down vote in Congress. The rich remain unaffected by indexing because they are already in the top bracket. This is a tax on working America, pure and simple.

Well, eventually, working America rose up in outrage; forcing Congress to pass a law to keep inflation from lifting you into ever higher tax brackets by indexing your income. Indexation became your protective shield against a form of invisible taxation known as "bracket creep."

But had this Administration not stood firm, the House of Representatives would have taken away your shield, exposing you to "bracket creep" with a vengeance. If you are married with two children and have a taxable income of \$34,000 -- this Democrat-led House would have raised your income taxes by \$313.50 -- without a single honest vote. Call it how to succeed in spending without really trying. Or just call it Democrat "fairness."

This Congress -- lacking the courage of its convictions -- was eager to let inflation do their dirty work for them.

Well, that proposal appalled me.

That proposal angered me.

If Congress doesn't grasp the fact that the inflation tax is history, then this Congress will be history.

Common sense tells us that when tax rates are too high, incentives are too low for people to save, invest and help create new jobs. But Congress doesn't know the difference between milking a cow and sending it to slaughter. Congress, in its long reign, has come to resemble the Bourbon kings of France: They learn nothing and they forget nothing.

((But we have learned something: When Congress raises income taxes on the few, it is always the beginning of a backdoor attempt to raise it on the many. That is why I am determined Congress will never raise income tax rates on working America.))

Yes, I am also determined to reduce the deficit. But I am even more determined to continue economic growth. Yes, I am determined to cut government. But I am even more determined to reform government, to make it work.

We have a sacred obligation not to squander the generosity and compassion of the American people. There is so much we could achieve if we could direct Washington to empower people, to work with them to fulfill their dreams and become competitive.

In education, we want to empower parents to choose their children's schools. In child care, we want to empower parents to choose who will watch over their children. In the most desolate inner cities, we strive to create zones of opportunity, to remove

barriers to mobility and success, so the spirit of enterprise can take root and blossom.

Yet this Congress would rather pass a "National Home Care Week," instead of our housing act to empower public housing tenants to take charge of their lives. This Congress would rather pass a proclamation on "Vocational/Technical Education Week," instead of our Educational Excellence Act to empower state and local leaders, parents and teachers to reform our schools. This Congress would rather pass a "National Crime Prevention Month," instead of making our streets safer with our proposed tough new crime laws -- now a year and a half in the hopper.

In short, this is a Congress long on words and short on deeds. A lot of sound and fury, signifying nothing.

Well if the status quo is stagnation incarnate, then America needs a change. America needs a fresh start.\\\

Harry Truman reminded us that only a President represents all the people; only a President can stick up for the national interest, and stand up to special interests. Only the President can demand a fresh start. And make no mistake -- in our lifetime, we have seen Congress itself become the biggest and most entrenched special-interest of all time.\\\

We have seen it become a perpetual Congress that expects to rule for eternity. We have seen the House intended to be closest to the people become a House of Lords.\\\

Like all aristocracies and elite institutions, Congress maintains its privileges through the naked use of power. It

rejected our proposals for campaign finance reform to clean up dirty PAC politics, allowing incumbents to feather their nest with special-interest dollars. When it comes ((to the Civil Rights Act, the American with Disabilities Act,)) and government ethics laws -- Congress keeps itself exempt and above the law.

Now it even turns out that the leaders of Congress are filling their gas tanks for free.\\ I guess only the little people have to pay gas taxes.\\\

So in the remaining weeks of this campaign season, and for the rest of my presidency, I will take a message to the people: America doesn't need a House of Lords.\\\ America needs a new responsible Congress.\\\ America needs a Congress that will work with the President for the good of all.\\\

Let the American voters decide. Let them give America a fresh start for reform and a better future. Give me a new Congress I can work with.

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

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THE WHITE HOUSE
WASHINGTON

90 OCT 23 PM 10:57

October 23, 1990

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *aw*
FROM: MARK DAVIS *MD*
SUBJECT: BUDGET ADDRESS

On Thursday morning, you will address an audience of 200 in the East Room -- supporters and friends representing many constituencies. Your remarks are approximately 18 minutes in length.

This speech is hardhitting, but fair. It sets the record straight. And it launches a new strategy -- a new appeal to the American people -- that you can take from Maine to Hawaii.

Davis/Blymire
Title: Harry
Date: Oct. 23, 1990
Draft: Eight

PRESIDENTIAL ADDRESS: EAST ROOM
10:30 a.m., THURSDAY, OCTOBER 25, 1990

Welcome to the White House, please be seated.]
[I want to talk
I've asked you here] today to talk about something that all
Americans are asking: "What on earth is wrong with Washington?"
I've seen many Congresses come and go. And I have never seen a
Congress more gridlocked, more paralyzed and ineffective than
today's.

Patience and goodwill are American virtues. And the
American people have been very patient during the budget
negotiations. But their patience is not unlimited. They have a
right to be angry. And that's a feeling I share.

[After all, this is a Congress that talks about taking the
high road, but always takes the path of least resistance.

This is a Congress that cannot represent the national
interest, because it is beholden to special-interests.

This is a Congress that cannot move forward, because it is
stuck in an institutional rut. Served by 20,000 staff members,
divided into an arcane structure with nearly 300 committees and
subcommittees, Congress is a chaos of committees, a confusion of
command, an anarchy of egos.

This is bad enough. But the institutional problem is made
worse by [we've had
nearly forty years of rule by one party dedicated to
perpetual re-election. And the one party that rules Congress,]

the Democrats, has a bias for solutions of the past -- a bias for red-tape over choice; for the Capitol over community; for bureaucracy over people. When you add all this up, you can see why everything this Congress does is a variation on a theme: tax and spend.

The final budget agreement is a sad example of how the Democratic Congress works -- or doesn't work. For the sake of the nation, we had to reduce the deficit now. That meant an agreement had to be reached. But I felt strongly about reducing the deficit with a careful balance of spending cuts. The Democrats wanted to slash defense and raise income taxes for all Americans. What we got was a compromise.

I understand why some members of my own party had to go the other way. Plenty of Members on both sides of the aisle knew the necessity and urgency of this agreement. They just couldn't vote for it -- hoping that an easier vote would come along. I didn't have that choice. Under our Constitution, only the President is elected by all the people; only the President represents the nation. Thus, the choice I faced was this agreement, or no agreement. I decided it was better to lose the saddle than the horse, and signed this bill with great reluctance. An agreement was needed to get deficit reduction. But I am certain that the American people are sick and tired of what they had to go through during these eight long, unnecessary months.

Of course, there is some good in this agreement. We got \$500 billion in deficit reduction -- including \$300 billion in

spending cuts -- the largest cut in history. This is a solid victory for our children's future.

We also got Congress to agree to reduce the rate of spending growth with the first five-year curb on spending ever.\\

We put Congress on the pay-as-you-go plan, so Congress will no longer be able to fund programs on promises.\\ And, should the Congressional mood change -- and you can bet it will -- Congress will find that these cuts are already enforced by law -- these spending cuts and spending caps are real.\\

Finally, our agreement held the line against reckless cuts of our Armed Forces. This Administration put a marker down early -- I will never agree to jeopardize America. And now I will not let down our servicemen and women in the Persian Gulf.\\

So all in all, this agreement is unprecedented, long-overdue, absolutely necessary. But I will not join the Congress in a carnival of self-congratulation. After all, we discussed three kinds of proposals: the good, the bad and the ugly. I told you about the good, now let me tell you about the rest. The bad: We had to swallow \$150 billion in taxes, taxes on gasoline and alcohol. But we stopped them from enacting the ugliest proposal -- to raise income taxes on working Americans.

We did even out the system to make it more fair: cutting the tax rate for many, while raising it for the wealthy few. But had this Administration not stood firm, the House of Representatives would have slapped automatic tax increases on working families. A family of four, with a taxable income of \$34,000, would have paid an additional \$313.50 in income taxes.

This Democratic Congress was eager to raise taxes, and hoped no one would notice by using this ugly backdoor maneuver.

Well that proposal is now history.\\\

But to get an agreement, we had to negotiate with the Democratic majority that rules Congress at the table. Because the Democrats control Congress, we had to pay a price; and that price was taxes. That is the cost of divided government.

We could have had this agreement in May, in June or in August, any time during the eight months the economy worsened. Congress didn't have to hunt for every last morsel of political opportunity; didn't have to wait until 24 days into the new fiscal year, about a dozen days before an election, to act.

But the Democratic majority that controls Congress choked the throttle on a slowing economy -- all in the name of politics and higher taxes. Thirty-seven times in nine years, Congress has had to pass emergency measures to fund the government. This makes thirty-eight.

By law, a budget was due April 15. Congress has once again violated its lawful deadlines and given me a late budget to sign; so late, in fact, that we are now at the brink of a downturn that could have been avoided. We've been talking for eight months while the economy deteriorated.

In April, when the budget was due, inflation was ((percent)). Last month it was ((percent)). In April, when the budget was due, unemployment was ((percent)). Unemployment last month was ((percent)). Economic growth last April, when the budget was due, was ((GNP percent)). Last month it was ((GNP

percent)). Even after the economy was threatened by higher oil prices from the Persian Gulf crisis, Congress delayed. This Congress was content to stall an agreement and stall the economy, all in the name of politics and higher taxes.\\\

The Democrats talk a lot about "fairness." Well let me tell you what really isn't fair: High interest rates are not fair. Inflation is not fair. And unemployment is not fair. And if you hear a Democratic Member of Congress bemoan a slow economy, ask your legislator why their majority blocked the people's business for half a year -- again, in the name of politics and higher taxes.

Some of the more self-congratulatory members of the process have compared this budget agreement to the Constitutional Convention. That is ludicrous. How stunted the ambitions of the Capitol seem when compared to those of the Founders; how petty this budget deal seems when compared to the progressive Square Deal of Teddy Roosevelt, the New Deal of Franklin Roosevelt, or the Fair Deal of Harry Truman; how narrow our goals seem when compared to those of a generation that made home-ownership affordable for millions, built highways across a continent, and sent a man to the Moon.

I believe that a \$1.3 trillion budget gives us ample room to dream again, to advance new ideas to renew our government -- to rethink and restructure our priorities from the ground up. But Congress makes programs in its own image: unresponsive and bureaucratic. And Congress would rather raise taxes than raise

the issue of reform. So the problem isn't with the American people and their Dream. It's with the Congress.

[Like all aristocratic, elite institutions,] Congress protects its prerogatives, perks and privileges through the naked use of power. In short, it protects its own. It rejects our proposals for campaign finance reform, and to abolish special-interest political action committees. It refuses to clean up the special-interest politics that allows incumbents to feather their nests with special-interest dollars. [((When it comes to civil rights and employee rights, Congress keeps itself exempt, and above the law.))]

And when Congress speaks, it speaks in the language of Alice-in-Wonderland. For example, when Congress doesn't get the spending increases it wants, ^{the Democratic} Congress calls that a "cut," even if more dollars are actually spent. In other words, to the Congress, up is down.

Even in the midst of a crisis, ^{the Democratic} Congress looks for pork-barrel bonanzas. Last Saturday, in the midst of the budget crisis, Congressional conferees pushed through an almost 19 percent increase for pet projects. Even as Congress voted to cut Medicare, they also voted to spend half a million dollars to create a Lawrence Welk tourist attraction. ((Other examples to come.))

Congress also spent \$1 million for a national transportation plan for walkers and bicyclists. Well I say if Congress wants a plan to tell us how to walk -- spending more ^{on that project} in taxes than most

people pay in their lifetime -- then perhaps Congress should take a walk.\\\

[As one Senator said: "It's time we started to spend some money on this country."] I say it's time we stopped spending and running up big deficits. I'm willing to take my case to the American people. They're watching -- and learning. They see that when their Congress asks them to tighten their belts, it always loosens its own. Never have I felt more strongly about the line-item veto. Never has the country needed a balanced budget amendment more than now. Never again should the people and their president be presented with such waste.\\\

We have a sacred obligation not to squander the generosity and compassion of the American people. There is so much we could achieve if we could reform Washington, to make it empower people, not bureaucracies; to work with them to fulfill their potential at home and be competitive around the world.

In education, we want reform -- to empower parents to choose their children's schools. In child care, we want reform -- to empower parents to choose who will watch over their children. In the most desolate inner cities, we want reform -- so we strive to create zones of opportunity, to remove barriers to mobility and success, to empower people with the spirit of enterprise.

~~But this Congress would rather proclaim "National Digestive Disease Awareness Month," than health legislation.~~ This Congress would rather proclaim "National Crime Prevention Month," than pass our tough crime bill. And this Congress held up education

And if all this makes you sick to your stomach, don't worry - they also passed the Digestive Dis Awareness Wax

reform for a year. But at least they passed a proclamation declaring "The Decade of the Brain." \\\

In short, this is a Congress that would rather issue feel-good proclamations, than address problems. This Democratic Congress is all sound and fury, signifying nothing. Make no mistake -- we have seen Congress itself become the biggest, most entrenched special-interest of our time.\\\

So if the status quo is stagnant, then America needs a change. America needs a Better Deal.\\\

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We need a Better Deal because this is a Congress wedded to Washington solutions. We have seen it become a perpetual Congress that expects to rule for eternity. Ninety-eight percent of all incumbents who seek re-election are re-elected. They are re-elected because they use -- or abuse -- all the powers of incumbency, from ~~franked~~^{free} mail to pork-barrel spending. ^{30,000 staff members; 31 committ} We have seen the House intended to be closest to the people become a House of Lords.\\\

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The American voter can return power to communities from bureaucracies. We can do this by electing a [reform] Congress; and we can begin thirteen days from today. This next election will be a small step. But it will be the start of a momentum that will build, and build, in the elections ahead.

That believes in the same things you do -- it's time to end the tax and spend policies of the Democrats. It's time to an end to business as usual.

INSERT

America needs a Congress that will balance the budget by cutting spending -- not Democrats who try to raise the income taxes of average working Americans.

America needs a Congress that will pass a tough crime, not Democrats who try to gut that bill -- and gut the death penalty.

America needs ~~to~~ a Congress that will ~~reduce~~ ~~the~~ end the influence of special interests ~~and~~ and eliminating special interest PAC money ~~and~~ -- not Democrats who are intent on ~~staying in office forever by~~ ~~feathering their nests with~~ lobbyist's money.

America need a Congress that will improve ~~our~~ ~~the~~ Nation's competitiveness and preserve equal opportunity -- not Democrats who try to impose racial quotas in every workplace.

America needs a Congress dedicated to the national interest, not Democrats committed to ~~the~~ special interests.

In the remaining weeks of this campaign season, and for the rest of my presidency, I will take a message to the people: America doesn't need a House of Lords.\\\ America needs a new responsible Congress.\\\ America needs a Congress that will work with the President for the good of all.\\\ America needs a Better Deal.

Harry Truman reminded us that only a President represents all the people, can stand for the national interest, and stand against the special interests.

I will travel from Massachusetts to Hawaii to challenge Americans to take charge of their destiny. Let them give America a fresh start for [reform and] a better future. Give ^{America} [me] a new Congress. [I can work with.]

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

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THE WHITE HOUSE
WASHINGTON

October 23, 1990

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THROUGH: CHRISS WINSTON *aw*
FROM: MARK DAVIS *MD*
SUBJECT: BUDGET ADDRESS

On Thursday morning, you will address an audience of 200 in the East Room -- supporters and friends representing many constituencies. Your remarks are approximately 18 minutes in length.

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Davis/Blymire
Title: Harry
Date: Oct. 23, 1990
Draft: Eight

PRESIDENTIAL ADDRESS: EAST ROOM
10:30 a.m., THURSDAY, OCTOBER 25, 1990

Welcome to the White House, please be seated.

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After all, this is a Congress that talks about taking the high road, but always takes the path of least resistance.

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This is a Congress that cannot move forward, because it is stuck in an institutional rut. Served by 20,000 staff members, divided into an arcane structure with nearly 300 committees and subcommittees, Congress is a chaos of committees, a confusion of command, an anarchy of egos.

This is bad enough. But the institutional problem is made worse by nearly forty years of rule by one party dedicated to perpetual re-election. And the one party that rules Congress,

the Democrats, has a bias for solutions of the past -- a bias for red-tape over choice; for the Capitol over community; for bureaucracy over people. When you add all this up, you can see why everything this Congress does is a variation on a theme: tax and spend.

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

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THE WHITE HOUSE

WASHINGTON

90 OCT 22 P6: 39

October 22, 1990

MEMORANDUM FOR CHRISS WINSTON

FROM:

JIM PINKERTON

SUBJECT:

Draft Presidential Remarks On The Budget Agreement For The East Room, Wednesday, October 24th, 1990.

This speech will really set a much-needed tone for the Administration in coming days. If we can keep this up, then from now on we will impart to the President's language a sense of single-minded purpose and generate new confidence. A few comments follow:

pg. 2, para. 3, line 1 "Eventually, lower interest rates will also mean tens of thousands of housing starts..."

The listing of the benefits of the agreement, starting with this passage and continuing for the rest of the page, seems a logical place to trim back excess length: too much extolling of the agreement's virtues will dilute the message that Congress has stuck it to the taxpayers with this agreement.

4,3,7 "The Democrat's platform consists of three-letter word: tax, tax, tax."

The word "a" is need between "of" and "three-letter."

5,4,2 "For example, if you spend \$1000 on groceries...."

The explanation of this complicated topic is well-done.

6,3,1 "Never have I felt more in need of a line-item veto."

We ought not to personalize this with the words "I feel," but rather make it the country's need: "Never has the country needed the line-item veto more."

8,1,4 "...sordid maneuver since, sneaky and unfair."

A typo here. We suggest substituting "cynical" for "since."

9,1,1 "spirit of enterprise can take root and blossom in a zones..."

Typo: the "a" before "zones" should be omitted.

10,1,5 "Now it turns out that the leaders of Congress..."

Even though we suggested the idea for this passage, on reflection we think that perhaps we ought to take care that the Administration does not engage in some practice that appears to be similar to this Congressional procedure. At the least, we ought to check the reactions to today's story in the subsequent newspapers.

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