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Record Group/Collection: George H.W. Bush Presidential Records
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Subseries: Chron File, 1989-1993

OA/ID Number: 13602
Folder ID Number: 13602-004

Folder Title:
Governors Meeting 2/3/92 [OA 6096]

Stack:	Row:	Section:	Shelf:	Position:
G	26	17	6	3

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/1/92 ACTION/CONCURRENCE/COMMENT DUE BY: ---
PRESIDENTIAL REMARKS: GOVERNORS MEETING'
MONDAY, FEBRUARY 3, 1992
SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☐	☒
SCOWCROFT	☐	☐	PETERSMEYER	☐	☒
DARMAN	☐	☒	PORTER	☐	☒
BRADY	☐	☒	ROGICH	☐	☒
BROMLEY	☐	☐	SMITH	☐	☒
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☐	☒	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☐	☒	BOSKIN	☐	☒
HOLIDAY	☐	☒	KAUFMAN	☐	☒

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

THE WHITE HOUSE
WASHINGTON

92 JAN 31 P8:26

January 31, 1992

INFORMATION

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST
TONY SNOW *TS*

FROM: BETH HINCHLIFFE *B.H.*

SUBJECT: GOVERNOR'S MEETING

I. SUMMARY

On Monday, February 3, 1992, at 11:10 a.m., you will deliver remarks (15 minutes, on cards) to an audience of approximately 80 people -- including governors and cabinet members. You will be introduced by Governor John Ashcroft.

II. DISCUSSION

The remarks highlight some of the initiatives put forth in your economic growth plan -- specifically focusing on education, unfunded federal mandates, and family issues.

(Hinchliffe/Nix)
January 31, 1991 6 p.m.
GOV4 Draft Four

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
East Room

[ACKNOWLEDGMENTS] [jokes]

I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. From my point of view, you couldn't have come at a better time.

It seems that everyone in America agrees on two things: First, we need to get our economy moving; second, our people are up to the challenge of remaining Number One in the world.

Last Tuesday, I challenged Congress to do the right thing: pass a common-sense growth package by March 20, and pass a long-term series of growth initiatives without delay.

This package relies on some common sense-objectives: It encourages investment. It protects the value of basic investments, like a home. It does not raise taxes. It does not increase the federal deficit. And it does not employ short-term gimmicks that create long-term trouble.

You know the political process, and you know that bipartisan goodwill in an election year lasts about as long as unrefrigerated milk. But we can't afford to play politics as usual. We've got a chance to make real progress -- right now. Today, inflation and long-term interest rates have fallen to their lowest levels in two decades. And the American people are ready for action.

John F. Kennedy once wrote, "Any system of government will

work when everything is going well. It's the system that functions in the pinches that survives."

Well, it's pinch time, and I've proposed a way in which all of us can rise to the occasion. In my State of the Union Address, I outlined a short-term growth package that takes care of the essentials: It strengthens the real-estate industry, which historically pulls us out of recessions. And it rewards success, primarily by cutting the tax on long-term capital gains.

It also reforms government. It slashes away at pork-barrel projects. It holds the line on spending -- while moving money out of unnecessary programs and into vital ones.

Here's what that means for you: A 13-percent increase in money available for surface transportation; a 300 percent increase in land and water Conservation Fund grants; record amounts for education -- a 15-percent increase from last year; a 27-percent increase in Head Start. My budget puts the money where it does the most good -- not where it best serves special interests.

Some people complain that it doesn't do much. Well, I'm proud of what it doesn't do. It doesn't violate the budget agreement. It doesn't raise taxes. And let me ask you: Where was the last plan you saw that did so much to get money in the right places without new spending, without new taxes, without counterproductive new regulations, without new red tape, and without new burdens on states?

My program will work. You know it. I know it. The

American people know it. So while you're here in Washington, visit your congressional delegation. Tell them: Put politics on the shelf for six weeks. Help your country. Pass the President's package.

When your Senators and Representatives return home next week for a recess, visit them again. Repeat the message -- Tell them to: Rise to the occasion. Pass the President's package. Pass it by March 20.

The pay off for you is simple: If the economy grows, you can do your jobs better. If we can slash away regulation, you can do your jobs better. If we can give you greater freedom to do what works in your states, you can do your jobs better. And if we don't do these things, you get stuck with the impossible choice: cut services or raise taxes.

Frankly, you get an even larger payoff from the long-term proposals announced in my State of the Union Address. If you think of this moment in history -- after the Cold War, right in the middle of the information revolution -- something becomes crystal clear. We must retool America to meet the challenges of a new age, an age of international competition. Cold War policies just don't cut it.

Businesses have begun retooling for competition in the world economy. State governments have adopted innovations that let them provide better services for less money. I think it's time the federal government became part of the solution, too.

Let's start with one long-term goal that will make a huge

difference in your lives. For years and years we in Washington have talked about cutting the deficit. Well, talk time is over.

The federal government is too big and it spends too much. We need real budget discipline. My long-term plan and my short-term plan provide that discipline.

I want Congress to stop showering states with unfunded mandates. For businesses, or for states, mandated programs and benefits too often mean mandated deficits.

An unfunded federal mandate is about as helpful for you as cement flippers are for a swimmer. If that's the kind of help you get from Washington, I'm sure you'd rather do without. So I've told Congress: If you pass mandates onto states, pay for them -- and don't raise taxes. If you don't pay, expect a veto.

I want Congress to give me something you have, I don't, and I want: the line-item veto. I understand the legislator's urge to please a constituent by putting some item in the budget. I also know that this practice enrages taxpayers -- as it should. A line-item veto lets a President help Congress. A line-item veto lets a President say something that legislators can't say: No.

I want Congress to let States apply their own resources and imaginations to important social problems. Too often you have to use a one-size-fits-all blueprint that seems perfectly reasonable in a Washington office, but looks like fiction in your home states.

Thomas Jefferson called states laboratories for Democracy.

Well, it's time we let you do R and D.

I want to give state and local governments greater flexibility in administering services. My budget proposes a revised \$14.6 billion Block Grant. The Block Grant will provide states with needed flexibility to administer education, health and social services, and drug control programs.

I want to focus federal policy on the crucial issue of welfare reform. The key to welfare reform lies in one simple, powerful word: Responsibility.

As part of this, many states are beginning to operate with new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state welfare reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

I want the federal government to redouble its efforts to help the most fundamental building block of a home, a school, a neighborhood, a city, our nation: the family.

Several weeks ago, a group of big-city mayors came to the White House. Every one of them told me that they can't truly solve any of their big problems until they restore the integrity

of the family.

So my plan looks at the fundamentals. It gives much-needed support to those raising families by increasing the personal exemption on the federal income tax by \$500 per child. That's not as high as I would like, but it's what we can afford now.

My plan also gives families a greater stake in the important things: health care and education. It proposes IRA reforms and tax changes that help people pay for these basics.

And in response to those big-city mayors, I have formed the Commission on America's Urban Families. I asked a governor -- John Ashcroft -- to lead that commission, and to propose honest, workable reforms.

A final issue: Education. The governors of this country have helped unleash a long-overdue and much needed revolution in education. I'd like to take this chance to commend the work of Governors Campbell and Romer on the Report of the National Council on Education Standards and Testing. The Senate has indicated unanimous support for the recommendations, and my new budget injects new funds for research, statistics, and assessment funding that would be used to help implement those recommendations.

We must now take the work we began together and take it further -- we must revolutionize America's schools. Help me send a message to Congress: Join the crusade to revolutionize American education. Pass the America 2000 education strategy.

We must give every child in America a full and fair

opportunity to learn. There's only one way to do that: educational choice. Choice serves as a cornerstone of America 2000. Thirty states across this nation have already embraced America 2000. You can ensure that every state joins the march -- that every community become an America 2000 community -- that every kid -- even yours -- is prepared for the competitive world of the 21st century.

Our education revolution -- the revolution you started in Charlottesville more than two years ago -- shows what politicians can do when they lay down their partisan swords in service to a higher cause. I hope you will serve as an example and inspiration for all of us in Washington during the next six weeks.

I saw a bumper sticker the other day that expresses the message we must send to Capitol Hill: "Lead, follow, or get out of the way." Well, I've unrolled blueprints that will lead this country forward. States, communities and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light.

I don't want a partisan fight over my growth package. I just want us to do what's right.

I'm counting on your help, because you see the problems up close: You serve as chief executives, and you know the problems that concern the people in your states.

So take out your calendars. Circle March 20. Urge Congress to pass the initiatives by March 20 -- No politics; no delays; no excuses.

Then, inch-by-inch, day-by-day, issue-by-issue, we will move our economy, reform our schools, revive our neighborhoods, and build the America of our dreams.

Thank you. May God bless you and the great nation we share.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
 PRESIDENTIAL REMARKS: GOVERNORS' MEETING
 MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
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FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

Major comments

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- ^{the over spending,} ~~the high taxes,~~ ^{counterproductive} ~~the tight~~ regulations, the ~~government deficits,~~ and the red tape. Use common sense. Pass my program, ^{because} ~~which relies on a simple principle:~~ ^{will} ~~It's got to work.~~
I know we're in this together. So I have taken the steps I can take on my own. I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I gave the Congress a road map. Mine is
I also ~~laid out~~ ^{on the table} the only comprehensive economic recovery ~~plan around.~~ ^{Some basic truths} It starts with the ~~most basic of basics:~~ You can't create jobs without investment. ^{So} I told Congress ~~three ways we can do it.~~ ^{to} First, change the alternative minimum tax and pass a 15% investment tax allowance; ^{Then, I told the Congress to} second, implement a first home tax credit and ^{gave them} other ideas to ^{get the housing market going again.} encourage the real estate market; ^{finally,} ~~third,~~ create a maximum longterm capital gains tax of 15.4%. You

that doesn't gut defense, doesn't relax the discipline on Congressional spending, and doesn't raise tax rates. I believe mine is also the only plan on the table that will work.

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

This straightforward plan
~~These simple proposals~~ can help our economy get moving.

~~They involve plain old common sense -- and I want Congress to~~
~~pass them by March 20.~~ *If Congress put its mind to it, it can meet this deadline.* We know Congress can do it: After all,
~~when confronted with its own~~ *not the press,* bouncing checks, it managed to close
 the House bank in one day. In 53 days, it should be able to adopt
~~this plan to get our~~
~~these basic solutions that encourage businesses to invest and~~
~~therefore bring people back to work.~~ ~~If it doesn't act by then~~
~~I'll step in, and the battle will be on.~~

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, ~~creating a future~~, solving a problem -- Washington does not know best -- the people do.

Once our *immediate action plan is in* ~~short-term ideas are in~~ place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

We will focus on marketplace competition, through trade and R&D, for our children -- the workers of the future. We'll focus on health care reform, *providing access,* preserving quality and choice, while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs - - Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: **education**, specifically **America 2000**.

You were there at the creation of this extraordinary reform. The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. ^{This is not a partisan issue.} Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

~~Second, We must get rid of the~~ ^{Stop enacting} **unfinanced federal government mandates**, ~~that cripple you.~~ ^{I know ~~you've~~ you've had enough of} ~~It's absurd that Congress can tell~~ ^{ing when} your states and communities what to do -- and then disappear ~~from~~ ^{its time to pay the bill,} the scene without giving you a cent, leaving ~~in its wake~~ ^{to enact.} higher taxes for you. ~~Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.~~

~~There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.~~

^{The} ~~Third, we must refocus ourselves on family.~~ ^{part of my long-term plan addresses the} John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

States and communities are at the center of the action when we talk of education. The federal government needs to keep out of the way. You keep its role limited as we revolutionize the American education system. But often the federal government makes life tougher for leaders like you at the state level. I'm talking about mandates

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

Please add \$500 Education proposal
 I saw a bumper sticker the other day that expresses the message we must send to ^{Capitol} ~~these 535 men and women up on the Hill~~: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States ^{communities} and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's ^{roll up our sleeves} ~~all work together~~ -- and do the right thing: No politics; no delays; no excuses. *We've got work to do.*

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

#

BUSH 92 QUAYLE

STAFFING MEMORANDUM FOR PRESIDENTIAL REMARKS

DATE: January 30, 1992

EVENT: Governors Meeting, February 3, 1992, ^{Esst}~~Roosevelt~~ Room.

COMMENTS DUE: TODAY, by 2:00pm.

ACTION: TEETER

CARNEY

PINKERTON

Please initial, make comments, return to Mark Burstein, Teeter's Office, Twelfth Floor. If you have no comments] please initial only, and return.

Thank you.

LIV

Welfare

- wrong tone
- doesn't have to program right

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year. *Try a different joke.*

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: ~~It's got to work.~~ *will*

I'm doing what I can. Specifically: ~~I've set a moratorium~~ *I am rolling back* on federal regulations that ~~could~~ hinder growth; I've ~~changed~~ *reformed* federal tax withholding tables, to ~~pump~~ *put* \$25 billion back into ~~our~~ *the hands of wageearners and into the* economy this ~~next~~ *coming* year; I've ordered federal agencies to get ~~pro-growth~~ *immediately* spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement ~~a first home tax credit~~ *for first-time homebuyers* and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

know who this will help -- everyone who owns a home, a business, a farm, or an investment. ~~They'll be back on payrolls because~~ ^{means more investment, and that means} ~~the capital gains cut favors growth and jobs for working America.~~ ^{jobs}

These simple proposals can help our economy get moving. ^{logic and lessons learned over the years. These proposals will work,} They involve ~~plain old common sense~~ and I want Congress to pass them by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and ~~therefore bring people back to work.~~ If it doesn't act by then ... ~~I'll step in, and the battle will be on.~~

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- ~~the government doesn't~~ ^{Washington does not know best} -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure ^{that economic} ~~our~~ growth endures. The long-term plan I proposed last week is rooted in ~~fairness, equality, opportunity, and choice, and fairness~~

We will focus on ^{improving American competitiveness in order to build a better future} ~~marketplace competition, through trade and~~ ~~R&D, for our children, and the workers of the future.~~ We'll focus ^{expanding trade and opening markets,} ~~on~~ ^{the} ~~health care reform,~~ ^{initiative} ~~preserving quality and choice while~~ ~~controlling costs.~~ We'll focus on empowering the poor in ^{the} ~~concrete ways, through HOPE housing and Enterprise Zone~~ ~~legislation.~~ ^{We'll support the movements in your state toward welfare reform, and we'll set the same} ~~And we will, of course, focus on crime and drugs.~~ ^{private} ~~A Congress must pass my comprehensive crime bill to bring freedom~~ ^{most of} ~~back to the streets of America.~~ ^{you have} ^{to control} ^{spending} ^{the line item} ^{who.}

LIV
well

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: education, specifically America 2000.

You were there at the creation of this extraordinary reform. The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

Second, we must get rid of the unfinanced federal government mandates that ^{burden your states.} ~~cripple you.~~ ^{simply unfair} It's absurd that Congress can tell ^{impose new} ~~without worrying about who has to pay for them.~~ ~~requirements on your states and communities what to do -- and then disappear from~~ ~~the scene without giving you a cent.~~ ^{This has meant higher taxes for you.} ~~Well, this is wrong, and it would~~ ~~taxes for you. Well,~~ ^{it would} under my plan ~~this will~~ stop -- but I need your help in telling Congress that it must take action.

stet There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

Third, we must refocus ourselves on family. John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that ^{this} state reform ^{movement} requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's ^{the} ~~Congress~~ deadline for ^{Congress to take} action on my plan. Let's all work together -- and do the right thing: ~~no~~ politics; no delays; no excuses.

for the sake of
our country, no

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

#

INSERT A

Fourth, my budget provides for a number of initiatives which will help the States. We have increased the monies available for highways by 13 percent. We have proposed tripling the Land and Water Conservation Fund grants. We have extended the Low-Income Housing Tax Credit and Mortgage Revenue Bond program. We have provided record amounts for education -- 15 percent more than 1992 in Department of Education outlays; \$600 million, or 27 percent more, for Head Start. ✓

Fifth, after consultation with States and localities, we are proposing a revised \$14.6 billion Block Grant. The Block Grant will provide States with needed flexibility to administer education, health and social service, and drug control programs.

Hodson
x6190

Anderson -

Subject Matter ok. -

Could we change some of the rhetoric to Capitalize on the "partnership" w/ Govs. - more were in this together rather than "I'm doing this, & I'm doing that." etc... ✓

Steve Hart

Page 2- Too early to be so caustic - strike section on House Bank - Will need bipart support for POTUS's Growth Package - (And Republicans got caught in House Bank troubles) too.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
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 MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

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GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

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RESPONSE:

Major comments

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

General Comment: Education section should focus on the legislation currently being considered in the House.

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P6:45
PRESIDENTIAL REMARKS:

GOVERNORS' MEETING

Monday, February 3, 1992

Roosevelt Room EAST ROOM (Anderson)

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my program, ^{because} ~~which relies on a simple principle:~~ ^{will} ~~It's got to work.~~

^{I know we're in this together. So I have taken the steps I can take on my own.} ~~I'm doing what I can.~~ Specifically: I've set a moratorium

on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy ^{over the (Treas.)} ~~this~~ next year; I've ordered federal agencies to get

pro-growth spending into the economy, and I've pledged to ^{do all I can to keep (Treas.)} ~~continue monetary policy that keeps~~ interest rates and inflation

^(CEA) ~~support a~~ ^{down, while providing adequate money and credit for healthy growth.} ~~down, while providing adequate money and credit for healthy growth.~~

^{gave the Congress a road map. If there is} ~~I also laid out the only comprehensive economic recovery~~ ^{on the table} ~~plan around.~~ It starts with ^{same basic truths} ~~the most basic of basics:~~ You can't create jobs without investment. ^{So} ~~I told Congress three ways we~~

~~can do it. First,~~ ^{to} ~~change the alternative minimum tax and pass a~~ ^{Then, I told the Congress to} ~~15% investment tax allowance; second,~~ ^{gave them} ~~implement a first home tax~~ ^{get the housing market going again.} ~~credit and other ideas to encourage the real estate market;~~

^{finally,} ~~third,~~ ^{create a maximum longterm capital gains tax of 15.4%. You}

that doesn't gut defense, doesn't relax the discipline on Congressional spending, and doesn't raise tax rates. I believe union is also the rule. ^{claim on the table that will work}

last change (Treas)

2

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

~~This straightforward plan~~
~~These simple proposals~~ can help our economy get moving.

~~They involve plain old common sense -- and I want Congress to~~
~~pass them by March 20. We know Congress can do it: After all,~~
~~when confronted with its own bouncing checks,~~ ^{not the press,} ~~it managed to close~~ ^(Findlay) ~~the House bank in one day. In 53 days, it should be able to adopt~~
~~this plan to get our~~ ^{52 or 53? COCA} ~~these basic solutions that encourage businesses to invest and~~ ^{When faced with a national strike it held hearings drafted complex legislation and passed a bill ending the strike in just 18 hours.}
~~therefore bring people back to work. If it doesn't act by then~~
~~the battle will be on.~~

Americans want Congress to act and then get out of the way.

When it comes to the important things -- building a business, supporting a family, ~~creating a future~~, solving a problem -- Washington does not know best -- the people do.

Once our ^{immediate action plan is in} ~~short term ideas~~ are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

^(Treas.) We will focus on marketplace competition, through ^{free and fair} ~~trade~~ and ^{to help improve the standard of living for everyone including} ~~R&D~~, for our children -- the workers of the future. We'll focus on ^{providing access,} ~~health care reform~~, preserving quality and choice, while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: education, specifically America 2000.

Findlay Many of You were there at the creation of this extraordinary reform.

The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. *This is not a gradualist vision.* Thirty states across this

nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are *educated and (Treas.)* trained for the competitive world of the 21st century.

~~First, we must stop enacting~~ *Stop enacting*
~~Second, we must get rid of the~~ *I know you've had enough of*
~~mandates that are imposed on you.~~ *That's what Congress is telling*
(Findlay) unconscionable

your states and communities what to do -- and then disappear *ins. when*
~~from the scene without giving you a cent,~~ *it's time to pay the bill*
~~leaving in its wake higher taxes for you.~~ *to enact.*

Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

~~There's much more that I could stop if only Congress would~~
~~give me the same thing as of you have -- the line-item veto.~~

part of my long-term plan addresses the
~~The Third, we must refocus ourselves on family.~~ John Ashcroft
 will lead a new task force -- the Commission on America's Urban
 Families. We must become warriors to keep families strong. *(Petersen) Strong Families*
are *real* the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

States are at the center of the federal government's needs. The federal government needs to keep its role limited as we move out of the old system. Look at the federal government's role in the education system. It's a mess. It's a mess. It's a mess.

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state ^{(Findlay) Welfare} reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

Please add \$500 Exemption proposal Great (Petersmeyer)
 I saw a bumper sticker the other day that expresses the message we must send to ~~these 535 men and women up on the Hill:~~ ^{Capitol}
 "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and ^{communities} individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's ^{roll up our sleeves} ~~all work together~~ -- and do the right thing: No politics; no delays; no excuses. *We've got work to do.*

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE SECRETARY

January 30, 1992

MEMORANDUM FOR PAUL KORFONTA

FROM: LESLYE ARSHT

SUBJECT: GOVERNOR'S SPEECH

There are several points that we would like to see added to the President's remarks to the Governors:

- 1) The spirit of Charlottesville, (which was a SUMMIT and not a conference) was bipartisan. The President should indicate that AND that while we can all acknowledge that this is an election year, that radically changing education has been a joint goal and that the President will try very hard to keep it that way. ✓
- 2) We made some important steps with the Senate (see Chamber of Commerce remarks by the President)-- as Lamar says, it doesn't go far enough, fast enough, but the Senate accepted the concept of New American Schools, provided funds for them, and we pushed to give you a controlling role in the designations. They resisted, but ultimately, they gave the Secretary of Education the authority to grant flexibility waivers in a limited number of cases. We'd like your help to expand the number of states and waivers in the House. You (the Governors) need this and I know it. The House bill and the Conference offer us an opportunity to build on the strides we've taken and, of course, my new budget seeks our original requests once more. We're going to keep coming back until radical reform is a reality. X
- 3) Finally, the President should commend the work of Govs. Campbell and Romer on the Report of the National Council on Education Standards and Testing. This is a remarkable consensus of support from people who have often disagreed in the past. The Senate has indicated unanimous support for the recommendations and my new budget injects new funds for research, statistics, and assessment funding that would be used to help implement those recommendations. ✓

We would delete the 2nd graph on page 3 which doesn't address the real state of play and make these three points, instead. ✓



February 2, 1992

To Dave Demarest

cc Samk Skinner

I thought the govs were concentrating on education. This is a replay of our economic package.

I have made some changes here.

Please be sure all are in agreement on what we are trying to achieve with the govs.

GB

FROM THE PRESIDENT

Asher

(Hinchliffe/Nix)
January 31, 1991 6 p.m.
GOV4 Draft Four

**PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
East Room**

[ACKNOWLEDGMENTS] [jokes]

I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. From my point of view, you couldn't have come at a better time.

It seems that everyone in America agrees on two things: First, we need to get our economy moving; second, our people are up to the challenge of remaining Number One in the world.

Last Tuesday, I challenged Congress to do the right thing: pass a common-sense growth package by March 20, and pass a long-term series of growth initiatives without delay.

This package relies on some common sense-objectives: It encourages investment. It protects the value of basic investments, like a home. It does not raise taxes. It does not increase the federal deficit. And it does not employ short-term gimmicks that create long-term trouble.

You know the political process, and you know that bipartisan goodwill in an election year *is a commodity in short supply* ~~lasts about as long as~~ ~~unrefrigerated milk~~. But we can't afford to play politics as usual. We've got a chance to make real progress -- right now.

Today, inflation and long-term interest rates have fallen to their lowest levels in two decades. *Many people feel this sluggish economy is beginning to turn* And the American people are ready for action.

John F. Kennedy once wrote, "Any system of government will

work when everything is going well. It's the system that functions in the pinches that survives."

Well, it's pinch time, and I've proposed a way in which all of us can rise to the occasion. In my State of the Union Address, I outlined a short-term growth package that takes care of the essentials: It strengthens the real-estate industry, which historically pulls us out of recessions. And it ^{encourages} ~~rewards~~ ^{cash taking and investment} success, ^{and by other stimulative tax procedures.} primarily by cutting the tax on long-term capital gains. It also reforms government. It slashes away at pork-barrel projects. It holds the line on spending -- while moving money out of unnecessary programs and into vital ones.

Here's what that means for you: A 13-percent increase in money available for surface transportation; a 300 percent increase in land and water Conservation Fund grants; record amounts for education -- a 15-percent increase from last year; a 27-percent increase in Head Start. My budget puts the money where it does the most good -- not where it best serves special interests.

I disagree but

Some people complain that it doesn't do much, ^{some things} ~~well~~, I'm proud of ~~what~~ it doesn't do. It doesn't violate the budget agreement. It doesn't raise taxes. [And let me ask you: Where was the last plan you saw that did so much to get money in the right places without new spending, without new taxes, without counterproductive new regulations, without new red tape, and without new burdens on states?]

My program will work. ^{*It really will*} ~~You know it. I know it.~~ ~~The~~

~~American people know it.~~ So while you're here in Washington, ^{and please} visit your congressional delegation, Tell them: ~~Put politics on the shelf for six weeks.~~ Help your country. Pass the President's package *by March 20th*. *We must meet this deadline*

When your Senators and Representatives return home next week for a recess, visit them again. Repeat the message -- Tell them to: Rise to the occasion. Pass the President's package. Pass it by March 20.

The pay off for you is simple: If the economy grows, you can do your jobs better. If we can slash away regulation, you can do your jobs better. If we can give you greater freedom to do what works in your states, you can do your jobs better. And if we don't do these things, you get stuck with the impossible choice: cut services or raise taxes.

Just a word about
~~Frankly, you get an even larger payoff from the long-term~~ proposals announced in my State of the Union Address. If you think of this moment in history -- after the Cold War, right in the middle of the information revolution -- something becomes crystal clear. We must retool America to meet the challenges of a new age, an age of international competition. Cold War policies just don't cut it.

Businesses have begun retooling for competition in the world economy. State governments have adopted innovations that let them provide better services for less money. I think it's time the federal government became part of the solution, too.

Let's start with one long-term goal that will make a huge

difference in your lives. For years and years we in Washington have talked about cutting the deficit. ~~Well, talk time is over.~~ *we must get the deficit under control.*

The federal government is too big and it spends too much. We need real budget discipline. My long-term plan and my short-term plan provide that discipline.

I want Congress to stop showering states with unfunded mandates. For businesses, or for states, mandated programs and benefits too often mean mandated deficits.

~~An unfunded federal mandate is about as helpful for you as cement flippers are for a swimmer. If that's the kind of help you get from Washington, I'm sure you'd rather do without. So~~
I've told Congress: If you pass mandates onto states, pay for them -- and don't raise taxes. **If you don't pay, expect a veto.**

I want Congress to give me something you have, I don't, and I want: the line-item veto. I understand the legislator's urge to please a constituent by putting some item in the budget. I also know that this practice enrages taxpayers -- as it should. A line-item veto lets a President ^(or a Governor) help Congress. A line-item veto lets a President say something that legislators can't say: No.

I want Congress to let States apply their own resources and imaginations to important social problems. Too often you have to use a one-size-fits-all blueprint that seems perfectly reasonable in a Washington office, but looks like fiction in your home states.

Thomas Jefferson called states laboratories for Democracy.

Well, it's time we let you do R and D.

I want to give state and local governments greater flexibility in administering services. My budget proposes a revised \$14.6 billion Block Grant. The Block Grant will provide states with needed flexibility to administer education, health and social services, and drug control programs.

I want to focus federal policy on the crucial issue of welfare reform. The key to welfare reform lies in one simple, powerful word: Responsibility.

As part of this, many states are beginning to operate with new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, ~~because what Americans want is a hand up, not a handout.~~ I know that state welfare reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

I want the federal government to redouble its efforts to help the most fundamental building block of a home, a school, a neighborhood, a city, our nation: the family.

Several weeks ago, a group of ~~big-city~~ ^{from League of Cities} mayors came to the White House. Every one of them told me that they can't truly solve any of their big problems until they restore the integrity

of the family.

So my plan looks at the fundamentals. It gives much-needed support to those raising families by increasing the personal exemption on the federal income tax by \$500 per child. That's not as high as I would like, but it's what we can afford now.

My plan also gives families a greater stake in the important things: health care and education. It proposes IRA reforms and tax changes that help people pay for these basics.

And in response to those big-city mayors, I have formed the Commission on America's Urban Families. I asked a governor -- *and former Mayor of Dallas Annutia Strevitz* John Ashcroft *7* to lead that commission, and to propose honest, workable reforms.

A final issue: Education. The governors of this country have helped unleash a long-overdue and much needed revolution in education. I'd like to take this chance to commend the work of Governors Campbell and Romer on the Report of the National Council on Education Standards and Testing. The Senate has indicated unanimous support for the recommendations, and my new budget injects new funds for research, statistics, and assessment funding that would be used to help implement those recommendations.

We must now take the work we began together and take it further -- we must revolutionize America's schools. Help me send a message to Congress: Join the crusade to revolutionize American education. Pass the America 2000 education strategy.

We must give every child in America a full and fair

opportunity to learn. There's only one way to do that: educational choice. Choice serves as a cornerstone of America 2000. Thirty states across this nation have already embraced America 2000. You can ensure that every state joins the march -- that every community become an America 2000 community -- that every kid -- ~~even yours~~ -- is prepared for the competitive world of the 21st century.

Our education revolution -- the revolution you started in Charlottesville more than two years ago -- shows what politicians can do when they lay down their partisan swords in service to a higher cause. I hope you will serve as an example and inspiration for all of us in Washington during the next six weeks.

I saw a bumper sticker the other day that expresses the message we must send to Capitol Hill: "Lead, follow, or get out of the way." Well, I've unrolled blueprints that will lead this country forward. States, communities and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light.

I don't want a partisan fight over my growth package. I just want us to do what's right.

I'm counting on your help, because you see the problems up close: You serve as chief executives, and you know the problems that concern the people in your states.

~~So take out your calendars. Circle March 20.~~ Urge Congress to pass the initiatives by March 20 -- ~~No politics; no delays; no excuses.~~

Then, inch-by-inch, day-by-day, issue-by-issue, we will move our economy, reform our schools, revive our neighborhoods, and build the America of our dreams.

Thank you. May God bless you and the great nation we share.

#

**GOVERNORS' MEETING \ EAST ROOM
MONDAY, FEBRUARY 3, 1992 \ 11 A.M.**

**THANK YOU, GOVERNOR ASHCROFT. AND THANKS, ALSO, TO
THE VICE-CHAIRMAN, GOVERNOR ROMER. BOB MARTINEZ, THANK
YOU FOR GIVING THE UPDATE ON OUR WAR AGAINST DRUGS.
I'M GLAD TO SEE ALL OF YOU IN THE EAST ROOM THIS
MORNING, BEGINNING WITH MEMBERS OF OUR CABINET.**

- 2 -

**[[IN PARTICULAR, I WELCOME OUR NATION'S
DISTINGUISHED GOVERNORS TO THE WHITE HOUSE. IT'S A
PLEASURE TO HAVE YOU HERE, ALTHOUGH I HOPE THIS IS AS
CLOSE TO THE OVAL OFFICE AS ANY GOVERNOR GETS FOR AT
LEAST FOUR YEARS.]] **

[[YOU KNOW, I SPENT SOME TIME WITH BORIS YELTSIN THIS WEEKEND. I REALLY FEEL FOR THE GUY. HIS POPULARITY HAS TUMBLED IN JUST A COUPLE OF MONTHS. HIS ECONOMY'S STRUGGLING. HE'S CATCHING FLAK FROM CRITICS ON THE RIGHT AND LEFT ABOUT EVERYTHING FROM TAXES TO DEFENSE SPENDING. BOY, I'D HATE TO BE IN HIS SHOES.]]

TODAY, I'D LIKE TO TALK WITH YOU ABOUT THE GROWTH AGENDA I LAUNCHED LAST TUESDAY, IN MY STATE OF THE UNION ADDRESS. FROM MY POINT OF VIEW, YOU COULDN'T HAVE COME AT A BETTER TIME.

**IT SEEMS THAT EVERYONE IN AMERICA AGREES ON TWO THINGS: FIRST, WE NEED TO GET OUR ECONOMY MOVING; SECOND, OUR PEOPLE ARE UP TO THE CHALLENGE OF REMAINING NUMBER ONE IN THE WORLD. **

LAST TUESDAY, I CHALLENGED CONGRESS TO DO THE RIGHT THING: PASS A COMMON-SENSE GROWTH PACKAGE BY MARCH 20, AND PASS A LONG-TERM SERIES OF GROWTH INITIATIVES WITHOUT DELAY.

THIS PACKAGE RELIES ON SOME COMMON SENSE-OBJECTIVES: IT ENCOURAGES INVESTMENT. IT PROTECTS THE VALUE OF BASIC INVESTMENTS, LIKE A HOME.

IT DOES NOT RAISE TAXES. IT DOES NOT INCREASE THE FEDERAL DEFICIT. AND IT DOES NOT EMPLOY SHORT-TERM GIMMICKS THAT CREATE LONG-TERM TROUBLE.

YOU KNOW THE POLITICAL PROCESS, AND YOU KNOW THAT BIPARTISAN GOODWILL IN AN ELECTION YEAR IS IN SHORT SUPPLY. BUT WE CAN'T AFFORD TO PLAY POLITICS AS USUAL. WE'VE GOT A CHANCE TO MAKE REAL PROGRESS -- RIGHT NOW.

TODAY, INFLATION AND LONG-TERM INTEREST RATES HAVE
FALLEN TO THEIR LOWEST LEVELS IN TWO DECADES. MANY
PEOPLE BELIEVE THIS SLUGGISH ECONOMY IS BEGINNING TO
TURN. AND THE AMERICAN PEOPLE ARE READY FOR ACTION. \\\

JOHN F. KENNEDY ONCE WROTE, "ANY SYSTEM OF
GOVERNMENT WILL WORK WHEN EVERYTHING IS GOING WELL.
IT'S THE SYSTEM THAT FUNCTIONS IN THE PINCHES THAT
SURVIVES."

WELL, IT'S PINCH TIME, AND I'VE PROPOSED A WAY IN
WHICH ALL OF US CAN RISE TO THE OCCASION. IN MY STATE
OF THE UNION ADDRESS, I OUTLINED A SHORT-TERM GROWTH
PACKAGE THAT TAKES CARE OF THE ESSENTIALS: IT
ENCOURAGES INVESTMENT -- WHICH ALLOWS US TO EXPAND
BUSINESSES AND CREATE NEW ONES.

IT STRENGTHENS THE REAL-ESTATE INDUSTRY, WHICH
HISTORICALLY PULLS US OUT OF RECESSIONS. AND IT
ENCOURAGES RISK-TAKING AND INVESTMENT BY CUTTING THE
TAX ON LONG-TERM CAPITAL GAINS AND BY OTHER STIMULATIVE
PROCEDURES.

IT ALSO REFORMS GOVERNMENT. IT SLASHES AWAY AT
PORK-BARREL PROJECTS. IT HOLDS THE LINE ON SPENDING
-- WHILE MOVING MONEY OUT OF UNNECESSARY PROGRAMS AND
INTO VITAL ONES.

HERE'S WHAT THAT MEANS FOR YOU: A 13-PERCENT
INCREASE IN MONEY AVAILABLE FOR HIGHWAY FUNDING; \\ A
158 PERCENT INCREASE FROM LAST YEAR IN LAND AND WATER
CONSERVATION FUND GRANTS; \\ RECORD AMOUNTS FOR
EDUCATION -- A 15-PERCENT INCREASE FROM LAST YEAR; \\ A
27-PERCENT INCREASE IN HEAD START.

MY BUDGET PUTS THE MONEY WHERE IT DOES THE MOST GOOD -- NOT WHERE IT BEST SERVES SPECIAL INTERESTS.

SOME PEOPLE COMPLAIN THAT IT DOESN'T DO MUCH. FRANKLY, I'M PROUD OF WHAT IT DOES -- IT LAYS OUT A BLUEPRINT FOR GROWTH -- AND FOR SOME OF THE THINGS IT DOESN'T DO. IT DOESN'T VIOLATE THE BUDGET AGREEMENT. IT DOESN'T RAISE TAXES. \\

MY PROGRAM WILL WORK. SO WHILE YOU'RE HERE IN WASHINGTON, VISIT YOUR CONGRESSIONAL DELEGATION. PLEASE TELL THEM: PASS THE PACKAGE BY MARCH 20. WE MUST MEET THIS DEADLINE. \\\

JUST A WORD ABOUT THE LONG-TERM PROPOSALS ANNOUNCED IN MY STATE OF THE UNION ADDRESS. IF YOU THINK OF THIS MOMENT IN HISTORY -- AFTER THE COLD WAR, RIGHT IN THE MIDDLE OF THE INFORMATION REVOLUTION -- SOMETHING BECOMES CRYSTAL CLEAR.

WE MUST RETOOL AMERICA TO MEET THE CHALLENGES OF A NEW AGE, AN AGE OF INTERNATIONAL COMPETITION. COLD WAR POLICIES JUST DON'T CUT IT.

BUSINESSES HAVE BEGUN RETOOLING FOR COMPETITION IN THE WORLD ECONOMY. STATE GOVERNMENTS HAVE ADOPTED INNOVATIONS THAT LET THEM PROVIDE BETTER SERVICES FOR LESS MONEY. I THINK IT'S TIME THE FEDERAL GOVERNMENT BECAME PART OF THE SOLUTION, TOO.

LET'S START WITH ONE LONG-TERM GOAL THAT WILL MAKE A HUGE DIFFERENCE IN YOUR LIVES. FOR YEARS AND YEARS WE IN WASHINGTON HAVE TALKED ABOUT CUTTING THE DEFICIT. WE MUST GET THE DEFICIT UNDER CONTROL.

THE FEDERAL GOVERNMENT IS TOO BIG AND IT SPENDS TOO MUCH. WE NEED REAL BUDGET DISCIPLINE. MY LONG-TERM PLAN AND MY SHORT-TERM PLAN PROVIDE THAT DISCIPLINE.

I WANT CONGRESS TO STOP SHOWERING STATES WITH UNFUNDED MANDATES. FOR BUSINESSES, OR FOR STATES, MANDATED PROGRAMS AND BENEFITS TOO OFTEN MEAN MANDATED DEFICITS. I'VE TOLD CONGRESS: IF YOU PASS MANDATES ONTO STATES, PAY FOR THEM -- AND DON'T RAISE TAXES.

I WANT CONGRESS TO GIVE ME SOMETHING YOU HAVE, I DON'T, AND I WANT: THE LINE-ITEM VETO. I UNDERSTAND THE LEGISLATOR'S URGE TO PLEASE A CONSTITUENT BY PUTTING SOME ITEM IN THE BUDGET. I ALSO KNOW THAT THIS PRACTICE ENRAGES TAXPAYERS -- AS IT SHOULD. A LINE-ITEM VETO LETS A PRESIDENT (OR A GOVERNOR) SAY SOMETHING THAT LEGISLATORS FIND HARD TO SAY: No. !!!

I WANT CONGRESS TO LET STATES APPLY THEIR OWN RESOURCES AND IMAGINATIONS TO IMPORTANT SOCIAL PROBLEMS. TOO OFTEN YOU HAVE TO USE A ONE-SIZE-FITS-ALL BLUEPRINT THAT JUST DOESN'T FIT OUTSIDE THE BELTWAY. THOMAS JEFFERSON CALLED STATES LABORATORIES FOR DEMOCRACY. WELL, IT'S TIME WE LET YOU DO R AND D.

I WANT TO GIVE STATE AND LOCAL GOVERNMENTS GREATER FLEXIBILITY IN ADMINISTERING SERVICES. MY BUDGET PROPOSES A REVISED \$14.6 BILLION BLOCK GRANT. THE BLOCK GRANT WILL PROVIDE STATES WITH NEEDED FLEXIBILITY TO ADMINISTER EDUCATION, HEALTH AND SOCIAL SERVICES, AND DRUG CONTROL PROGRAMS.

I WANT TO FOCUS FEDERAL POLICY ON THE CRUCIAL ISSUE OF WELFARE REFORM. THE KEY TO WELFARE REFORM LIES IN ONE SIMPLE, POWERFUL WORD: RESPONSIBILITY.

MANY STATES HAVE BEGUN TO REFORM WELFARE WITH RESPONSIBILITY IN MIND. THEY BELIEVE THAT WHEN HEALTHY ADULTS RECEIVE GOVERNMENT ASSISTANCE, THEY HAVE RESPONSIBILITIES TO THE AMERICAN TAXPAYERS WHO FUND THEM: RESPONSIBILITIES TO SEEK WORK, EDUCATION, OR JOB TRAINING.

WE ALSO HAVE RESPONSIBILITIES TO THOSE IN THE SOCIAL SAFETY NET. WE HAVE A RESPONSIBILITY TO ENSURE THAT WELFARE IS A TEMPORARY SAFETY NET, NOT A GUARANTEED LIFESTYLE. \\\

SO MY ADMINISTRATION WILL DO WHATEVER IT CAN TO HELP YOU REFORM YOUR SYSTEMS. IF YOU NEED A WAIVER OF FEDERAL REGULATIONS TO REFORM YOUR SYSTEM, WE'LL GET YOU A WAIVER AS QUICKLY AS WE CAN. \\\

I WANT THE FEDERAL GOVERNMENT TO REDOUBLE ITS EFFORTS TO HELP THE MOST FUNDAMENTAL BUILDING BLOCK OF A HOME, A SCHOOL, A NEIGHBORHOOD, A CITY, OUR NATION: THE FAMILY.

SEVERAL WEEKS AGO, A GROUP OF MAYORS FROM THE NATIONAL LEAGUE OF CITIES CAME TO THE WHITE HOUSE. EVERY ONE OF THEM TOLD ME THAT THEY CAN'T SOLVE ANY OF THEIR BIG PROBLEMS UNTIL THEY RESTORE THE INTEGRITY OF THE FAMILY.

SO MY PLAN LOOKS AT THE FUNDAMENTALS. IT GIVES MUCH-NEEDED SUPPORT TO THOSE RAISING FAMILIES BY INCREASING THE PERSONAL EXEMPTION ON THE FEDERAL INCOME TAX BY \$500 PER CHILD. THAT'S NOT AS HIGH AS I WOULD LIKE, BUT IT'S WHAT WE CAN AFFORD NOW.

MY PLAN ALSO GIVES FAMILIES A GREATER STAKE IN THE IMPORTANT THINGS: HEALTH CARE AND EDUCATION. IT PROPOSES IRA REFORMS AND TAX CHANGES THAT HELP PEOPLE PAY FOR THESE BASICS.

AND IN RESPONSE TO THOSE BIG-CITY MAYORS, I HAVE FORMED THE COMMISSION ON AMERICA'S URBAN FAMILIES. I'VE ASKED MISSOURI GOVERNOR JOHN ASHCROFT AND FORMER DALLAS MAYOR ANNETTE STRAUSS TO LEAD THAT COMMISSION, AND TO PROPOSE HONEST, WORKABLE REFORMS.

A FINAL ISSUE: EDUCATION. THE GOVERNORS OF THIS COUNTRY HAVE HELPED UNLEASH A LONG-OVERDUE AND MUCH NEEDED REVOLUTION IN EDUCATION.

I'D LIKE TO TAKE THIS CHANCE TO COMMEND THE WORK OF GOVERNORS CAMPBELL AND ROMER ON THE REPORT OF THE NATIONAL COUNCIL ON EDUCATION STANDARDS AND TESTING. THE SENATE HAS INDICATED UNANIMOUS SUPPORT FOR THE RECOMMENDATIONS, AND MY NEW BUDGET INJECTS NEW FUNDS FOR RESEARCH, STATISTICS, AND ASSESSMENT FUNDING THAT WOULD BE USED TO HELP IMPLEMENT THOSE RECOMMENDATIONS.

WE MUST NOW TAKE THE WORK WE BEGAN TOGETHER AND TAKE IT FURTHER -- WE MUST REVOLUTIONIZE AMERICA'S SCHOOLS. HELP ME SEND A MESSAGE TO CONGRESS: JOIN THE CRUSADE TO REVOLUTIONIZE AMERICAN EDUCATION. PASS THE AMERICA 2000 EDUCATION STRATEGY.

WE MUST GIVE EVERY CHILD IN AMERICA A FULL AND FAIR OPPORTUNITY TO LEARN. THERE'S ONLY ONE WAY TO DO THAT: EDUCATIONAL CHOICE. CHOICE SERVES AS A CORNERSTONE OF AMERICA 2000. THIRTY STATES ACROSS THIS NATION HAVE ALREADY EMBRACED AMERICA 2000. YOU CAN ENSURE THAT EVERY STATE JOINS THE MARCH -- THAT EVERY COMMUNITY BECOMES AN AMERICA 2000 COMMUNITY -- THAT EVERY KID IS PREPARED FOR THE COMPETITIVE WORLD OF THE 21ST CENTURY.

OUR EDUCATION REVOLUTION -- THE REVOLUTION YOU STARTED IN CHARLOTTESVILLE MORE THAN TWO YEARS AGO -- SHOWS WHAT POLITICIANS CAN DO WHEN THEY LAY DOWN THEIR PARTISAN SWORDS IN SERVICE TO A HIGHER CAUSE. I HOPE YOU WILL SERVE AS AN EXAMPLE AND INSPIRATION FOR ALL OF US IN WASHINGTON DURING THE NEXT SIX WEEKS.

I DON'T WANT A PARTISAN FIGHT OVER MY GROWTH PACKAGE. I JUST WANT US TO DO WHAT'S RIGHT.

I'M COUNTING ON YOUR HELP, BECAUSE YOU SEE THE PROBLEMS UP CLOSE: YOU SERVE AS CHIEF EXECUTIVES, AND YOU KNOW THE PROBLEMS THAT CONCERN THE PEOPLE IN YOUR STATES.

URGE CONGRESS TO PASS THE INITIATIVES BY MARCH 20.

THEN, INCH-BY-INCH, DAY-BY-DAY, ISSUE-BY-ISSUE, WE WILL MOVE OUR ECONOMY, REFORM OUR SCHOOLS, REVIVE OUR NEIGHBORHOODS, AND BUILD THE AMERICA OF OUR DREAMS.

THANK YOU. MAY GOD BLESS YOU AND THE GREAT NATION WE SHARE.

#

Revised version is

GOVERNOR. ST

(all comments taken
except #2 on the education
memo, last page

(Hinchliffe/Nix)
January 31, 1991 2 p.m.
GOVERNOR.ST Draft Three

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
East Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the overspending, the counterproductive regulations, and the red tape. Use common sense. Pass my program because It will work.

I know we're in this together. So I have taken the steps I can take on my own. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy over the next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to do all I can to keep interest rates and inflation down while providing adequate money and credit for healthy growth.

I also gave the Congress a road map. Mine is the only comprehensive economic recovery plan on the table that doesn't gut defense, doesn't relax the discipline on Congressional spending, and doesn't raise tax rates. I believe mine is also the only plan on the table that will work.

It starts with some basic truths. You can't create jobs

without investment, so I told Congress to change the alternative minimum tax and pass a 15% investment tax allowance. Then, I told Congress to implement a first home tax credit, and gave them other ideas to get the housing market going again. Finally, I told them to create a maximum longterm capital gains tax of 15.4 percent. You know who this last change will help -- everyone who owns a home, a business, a farm, or an investment. In an international economy, we need to do everything we can to stay competitive -- and none of our major competitors taxes capital gains nearly as much as we do.

We're in this together. We have in front of us a small window in which we can get Congressional action on a this comprehensive short-term growth package. Everything points to quick action. Look, if we get going within the next few weeks, we can build upon sound fundamentals in the economy like rising exports; falling inflation; and interest rates. You know first-hand the importance of growth. When your economies grow, you can do your jobs. When your economies flatten out, you have to face the toughest choice -- cutting services or raising taxes.

This straightforward plan can help our economy get moving. I want Congress to pass it by March 20. The legislation went to the Hill the day after my State of the Union address, so there are no excuses for inaction. If we could win the Gulf War in 45 days, and the land war in four days, Congress can pass my growth package by March 20. In fact, when Congress was confronted by the prospect of a national rail strike, it held hearings, drafted

complex legislation, and passed a law -- all within 18 hours.

So: let's get moving by March 20.

You are the ones out there on the front-lines every day. You need to press Congress to get this short-term package moving -- and to get our economy growing. You can take advantage of being in Washington and head over to the Hill to visit your delegations. And when Congress goes home on its break next week -- get together with them then.

I know you're also looking beyond the short-term -- and, of course, so am I. This is a place where we can really benefit from seeing states as the laboratories for American democracy.

We need to take a new, long, hard look at our country and our long-term future. Look around us. The rest of the world is retooling itself to cope with the end of the Cold War. Businesses and state governments are adopting innovations to deal with the emerging new world. So it only makes sense that the federal government must join them -- must tackle the challenge of making America competitive, and keeping America Number One.

So, once our short-term action plan is in place, we have to move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in opportunity and choice.

We will focus on **marketplace competition**, through free and fair trade and R&D, to help improve the standard of living for everyone, including our children -- the workers of the future. We'll focus on **health care reform**, providing access, preserving quality and choice, while controlling costs. We'll focus on

empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are five specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: education, specifically America 2000.

Many of you were there at the creation of this extraordinary reform. The Governors' Summit in Charlottesville was an historic example of nonpartisan, forward-looking cooperation. Changing education has been a joint goal for all of us, regardless of party, and it must remain so. I'd like to take this chance to commend the work of Governors Campbell and Romer on the Report of the National Council on Education Standards and Testing. This is a remarkable consensus of support. The Senate has indicated unanimous support for the recommendations, and my new budget injects new funds for research, statistics, and assessment funding that would be used to help implement those recommendations.

We must now take the work we began together and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are prepared for the competitive world of the 21st century.

States and communities are at the center of the action when we talk of education. The federal government needs to keep its role limited as we revolutionize America's education system. But often, the federal government makes life tougher for leaders like you at the state level. I'm talking about mandates.

We must **get the federal deficit under control**, and stop enacting **unfinanced federal government mandates**. I know you've had enough of Congress telling your states and communities what to do -- and then disappearing from the scene when it's time to pay the bill, leaving higher taxes for you to enact. I've made it clear: If Congress passes a mandate, it should come up with the money -- without raising taxes. If it tries the old mandate trick, I'll send it a veto.

The third part of my long-term plan addresses the **family**. I believe that my plan to increase the personal tax exemption by \$500 for each child will help families across this land.

In addition, John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. Strong families are the only real way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary

safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state welfare reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

Fourth, my budget provides for a number of **initiatives** which will help the states. We have increased the monies available for highways by 13%. We have proposed tripling the Land and Water Conservation Fund grants. We have extended the Low-Income Housing Tax Credit and Mortgage Revenue Bond program. We have provided record amounts for education -- 15% more than 1992 in the Department of Education outlays; \$600 million, or 27% more, for Head Start.

And fifth, after consultation with states and localities, we are proposing a **revised \$14.6 billion Block Grant**. The Block Grant will provide states with needed flexibility to administer education, health and social services, and drug control programs.

I saw a bumper sticker the other day that expresses the message we must send to Capitol Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States, communities and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light.

I've made it clear that I don't want a partisan fight over my growth package, and I hope Congress will cooperate in doing

what we all know is right. The nation's governors certainly have shown that you can tackle tough problems if you agree to put partisanship aside. Our national education strategy would not exist if you hadn't decided to do the right thing, and resist the temptation to get involved in partisan combat.

You know the challenges of providing services, meeting budgets, and working together with people of all parties, all beliefs. You can show the nation the way to work together on the economy. Take out your calendars. Put a circle around March 20. That's the day we will begin. When you leave Washington and spread across this nation, take with you the urgency of our nation's need for action -- promote this growth plan, call for this growth plan, demand this growth plan. Tell your Congressional delegations, regardless of party to pass my initiatives by March 20 -- No politics; no delays; no excuses.

Then, inch-by-inch, day-by-day, issue-by-issue, we will move our economy, reform our schools, revive our neighborhoods, and build the America of our dreams.

Thank you. May God bless you and the great nation we share.

#

TO: TONY
FROM: BETH

Okay, here's the latest version -- obviously it's long, but this one contains all the rewrites suggested in your memo, along with the new sections, etc. suggested in staffing. (N.B. The fourth and fifth points that were added in staffing to the long-range discussion add a lot of length.)

I'll run off to my appointment while you're looking this over -- I'll be back about 4:30 to pick up with the next stage. Thanks.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
 PRESIDENTIAL REMARKS: GOVERNORS' MEETING
 MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER - ssady	☒	☐
DARMAN	☒	☐	PORTER	☒	☐ on their way
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☒	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

1 comment PG 4
 (OCA)

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P 6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

These simple proposals can help our economy get moving. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on.

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- Washington does not know best -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

We will focus on marketplace competition, through trade and R&D, for our children -- the workers of the future. We'll focus on health care reform, preserving quality and choice while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs - - Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: **education**, specifically **America 2000**.

You were there at the creation of this extraordinary reform. The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

Third, we must refocus ourselves on **family**. John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

*OCA
Don't
give upper
hand to
Dems.* I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's all work together -- and do the right thing: No politics; no delays; no excuses.

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

#

WHITE HOUSE STAFFING MEMORANDUM

92 JAN 30 AJO: 16

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
MONDAY, FEBRUARY 3, 1992

SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
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DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office
NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

92 JAN 29 P6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

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I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

These simple proposals can help our economy get moving.

They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: ~~after all,~~

~~when confronted with its own bouncing checks, it managed to close the House bank in one day.~~ In 53 days, it should be able to adopt

these basic solutions that encourage businesses to invest and

therefore bring people back to work. *If it can be done.* If it doesn't act by then

~~I'll step in,~~ and the battle will be on.

Americans want Congress to act and then get out of the way.

When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem --

Washington does not know best -- the people do.

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#6.3 implies he's on sidelines until then

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Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's ^{unconscionable} ~~absurd~~ that Congress ~~can tell~~^s your states and communities what to do -- and then disappear^s from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

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Third, we must refocus ourselves on **family**, John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state ^{welfare} reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

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#

Document No. 303262SS92 JAN 30 P4:10 **WHITE HOUSE STAFFING MEMORANDUM**

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
 PRESIDENTIAL REMARKS: GOVERNORS' MEETING
MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

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HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

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RESPONSE:

Pg 2 - Too early to be so caustic - strike section on House bank. - We'll need bipartisan support for POTUS's Growth Package - (AND - Republicans got caught in House Bank troubles) too.

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

MA 1/30/92

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

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Debate
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4

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I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's all work together -- and do the right thing: No politics; no delays; no excuses.

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

/ # #

A handwritten signature, possibly "L. B. Nichols", is written over a line of text that has been heavily crossed out with multiple diagonal strokes.

CEQ (CEA?)



(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

92 JAN 30 P3:03

**PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room**

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to ~~continue~~ ^{support &} monetary policy that keeps interest rates and inflation down, ^{adequate} while providing money & credit for healthy growth.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

These simple proposals can help our economy get moving. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on.

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- Washington does not know best -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

We will focus on marketplace competition, through trade and R&D, for our children -- the workers of the future. We'll focus on health care reform, preserving quality and choice while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs - - Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: **education**, specifically America 2000.

You were there at the creation of this extraordinary reform. The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

Third, we must refocus ourselves on **family**. John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. It's the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

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#

Document No. 303262SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
 PRESIDENTIAL REMARKS: GOVERNORS' MEETING
 MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☒	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

Subject matter O.K. -
 Could we change some of the rhetoric to Capitalize on the "partnership" with Gous - more we're in this together rather than "I'm doing this, I'm going to do that" etc.

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P 6:45
PRESIDENTIAL REMARKS:

GOVERNORS' MEETING

Monday, February 3, 1992

~~Roosevelt Room~~

East Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

2

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These simple proposals can help our economy get moving. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on.

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3

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Second, we must get rid of the unfinanced federal government mandates that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

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As part of this, many states are beginning to operate with

4

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Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

#

Document No. 303262SS

92 JAN 30 P5:07

WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
MONDAY, FEBRUARY 3, 1992

SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

See changes and attachment from Education. Thanks.
Paul Korta PK
01/30/92.

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

(CEA).
General Comment:
Education section
should focus on the legislation
currently being considered in
the House

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

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(Treas.)
clarify
or
delete

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy ^{over (Treasury)} this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to ^{do all I can to keep (Treasury)} ~~continue monetary policy that keeps~~ interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

2

(Treasury)

last change
 know who this will help -- everyone who owns a home, a business, a farm, or an investment. They ^{and others will} be back on payrolls because the capital gains cut favors growth and jobs for working America. (Findlay)

These simple proposals can help our economy get moving. When faced with a national rail strike, it held hearings, drafted comprehensive legislation, and passed a bill ending the strike in just 18 hours. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, ~~when confronted with its own bouncing checks, it managed to close the House bank in one day.~~ In 53 days, it should be able to adopt

(Findlay) these basic solutions that encourage businesses to invest and therefore bring people back to work. It can be done. (Findlay) If it doesn't act by then I'll step in and the battle will be on.

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- Washington does not know best -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice. Free and fair

We will focus on ~~marketplace~~ competition, through trade and R&D, ~~for~~ our children -- the workers of the future. We'll focus on health care reform, preserving quality and choice while controlling costs. We'll focus on empowering the poor in

concrete ways, through HOPE housing and Enterprise Zone

legislation. And we will, of course, focus on crime and drugs --

- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

(Treasury)
 to help improve the standard of living for everyone including

or
 53

3

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: education, specifically America 2000.

(Findlay) many of You were there at the creation of this extraordinary reform.

The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are ^{educated and} trained for the competitive world of the 21st century. *(Treasury)*

Second, we must get rid of the unfinanced federal government mandates that cripple you. *(Findlay) unconscionable* It's ~~absurd~~ that Congress ~~can tell~~ *(Findlay)* your states and communities what to do -- and then disappears from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

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As part of this, many states are beginning to operate with

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#

92 JAN 31 10:12
WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
MONDAY, FEBRUARY 3, 1992

SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN →	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

See comments

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

92 JAN 29 P 6:45
PRESIDENTIAL REMARKS: GOVERNORS' MEETING
Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

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See insert next page

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#

WHITE HOUSE STAFFING MEMORANDUM

32 JAN 30 P4:46

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30

PRESIDENTIAL REMARKS: GOVERNORS' MEETING
MONDAY, FEBRUARY 3, 1992

SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

Please see
pages 3 + 4
Thank you
[Signature]

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

(Hinchliffe/Nix)
January 29, 1991 5 p.m.
GOVERNORS Draft Two

32 JAN 29 P6:45
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Monday, February 3, 1992
Roosevelt Room

[ACKNOWLEDGMENTS] I'm glad to talk with you about the growth agenda I launched last Tuesday, in my State of the Union Address. You know, the only State of the Union I look forward to more than this one is the one I'll deliver this time next year.

I issued a challenge for Congress to do the right thing. Cut through the obstacles to growth, eliminate the clutter that obscures our vision -- the high taxes, the tight regulations, the government deficits, and the red tape. Use common sense. Pass my program, which relies on a simple principle: It's got to work.

I'm doing what I can. Specifically: I've set a moratorium on federal regulations that could hinder growth; I've changed federal tax withholding tables, to pump \$25 billion back into our economy this next year; I've ordered federal agencies to get pro-growth spending into the economy, and I've pledged to continue monetary policy that keeps interest rates and inflation down.

I also laid out the only comprehensive economic recovery plan around. It starts with the most basic of basics: You can't create jobs without investment. I told Congress three ways we can do it. First, change the alternative minimum tax and pass a 15% investment tax allowance; second, implement a first home tax credit and other ideas to encourage the real estate market; third, create a maximum longterm capital gains tax of 15.4%. You

know who this will help -- everyone who owns a home, a business, a farm, or an investment. They'll be back on payrolls because the capital gains cut favors growth and jobs for working America.

These simple proposals can help our economy get moving. They involve plain old common sense -- and I want Congress to pass them by March 20. We know Congress can do it: after all, when confronted with its own bouncing checks, it managed to close the House bank in one day. In 53 days, it should be able to adopt these basic solutions that encourage businesses to invest and therefore bring people back to work. If it doesn't act by then I'll step in, and the battle will be on.

Americans want Congress to act and then get out of the way. When it comes to the important things -- building a business, supporting a family, creating a future, solving a problem -- Washington does not know best -- the people do.

Once our short-term ideas are in place, we can move ahead to ensure our growth endures. The long-term plan I proposed last week is rooted in fairness, equality, opportunity, and choice.

We will focus on marketplace competition, through trade and R&D, for our children -- the workers of the future. We'll focus on health care reform, preserving quality and choice while controlling costs. We'll focus on empowering the poor in concrete ways, through HOPE housing and Enterprise Zone legislation. And we will, of course, focus on crime and drugs -
- Congress must pass my comprehensive crime bill to bring freedom back to the streets of America.

But there are three specific parts of my long-range plan that I want to discuss with you today, because they're essential parts of your own states' futures. I want to begin with something close to all of us here: **education**, specifically America 2000.

You were there at the creation of this extraordinary reform. The Governors' Conference in Charlottesville was an historic example of bipartisan, forward-looking cooperation. We must take the work we began together there and take it further -- we must revolutionize America's schools. Thirty states across this nation have already embraced America 2000. You can ensure that your state joins the march -- that your communities become America 2000 communities -- that your kids are trained for the competitive world of the 21st century.

Second, we must get rid of the **unfinanced federal government mandates** that cripple you. It's absurd that Congress can tell your states and communities what to do -- and then disappear from the scene without giving you a cent, leaving in its wake higher taxes for you. Well, under my plan this will stop -- but I need your help in telling Congress that it must take action.

There's much more that I could stop if only Congress would give me the same thing 43 of you have -- the line item veto.

Third, we must refocus ourselves on family, John Ashcroft will lead a new task force -- the Commission on America's Urban Families. We must become warriors to keep families strong. ^{Strong families} ~~are~~ ^{are} ~~the~~ ^{real} the only way we can keep strong our cities, states, and country.

As part of this, many states are beginning to operate with

new assumptions regarding welfare. They believe that when healthy adults receive government assistance, they have responsibilities to the American taxpayers who fund them: responsibilities to seek work, education, or job training. For their sake, we have responsibilities too -- to ensure that welfare is a temporary safety net, not a guaranteed lifestyle, because what Americans want is a hand up, not a handout. I know that state reform requires that certain federal regulations be waived, and I will make that process easier and quicker for every state that asks our help.

Great | I saw a bumper sticker the other day that expresses the message we must send to those 535 men and women up on the Hill: "Lead, follow, or get out of the way." Well, I've unrolled the blueprints that will lead this country forward. States and individuals have also begun -- they've joined up in ways ranging from becoming America 2000 communities to reaching out as Points of Light. Now I need your help. Take out your calendars. Put a circle around March 20. That's Congress' deadline for action on my plan. Let's all work together -- and do the right thing: No politics; no delays; no excuses.

Walt Whitman, the great poet of the American spirit, once wrote: "I hear America singing ... Each singing what belongs to him or her and to none else." When we take these steps to liberate America's genius, the great choir will sing again, each individual in this country adding his or her voice to our stirring chorus of greatness. May God bless this nation we share.

#

92 JAN 31 P5:25
WHITE HOUSE STAFFING MEMORANDUM

DATE: 1/30/92 ACTION/CONCURRENCE/COMMENT DUE BY: 4:00PM, TODAY, JAN. 30
 PRESIDENTIAL REMARKS: GOVERNORS' MEETING
 MONDAY, FEBRUARY 3, 1992
 SUBJECT: ROOSEVELT ROOM

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☐	☒	HORNER	☐	☒
SKINNER	☐	☒	MCCLURE	☒	☐
SCOWCROFT	☐	☐	PETERSMEYER	☒	☐
DARMAN	☒	☐	PORTER	☒	☐
BRADY	☐	☒	ROGICH	☒	☐
BROMLEY	☐	☐	SMITH	☒	☐
CARD	☐	☒	FINDLAY	☐	☒
DEMAREST	☒	☐	SNOW	☐	☒
FITZWATER	☐	☒	ANDERSON	☐	☒
GRAY	☒	☐	BOSKIN	☒	☐
HOLIDAY	☒	☐	KAUFMAN	☐	☒

REMARKS:

Please provide comments/edits on the attached directly to Tony Snow, Rm. 122, x2930, with a copy to this office NO LATER THAN 4:00PM, TODAY, JANUARY 30. Thank you.

RESPONSE:

*focus more on education
 & health care
 & opposition*

PHILLIP D. BRADY
 Assistant to the President

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President Bush. That's the last question. I'm awful sorry; Marlin is really looking nervous. [Laughter] Thank you very much.

Note: The President's 120th news conference began at 1:37 p.m. at Camp David, MD. President Yeltsin spoke in Russian, and his remarks were translated by an interpreter.

Remarks and a Question-and-Answer Session With the National Governors' Association

February 3, 1992

The President. I hate to interrupt your former colleague and now mine, Bob Martinez. I heard a little of that, and I think there is some room for optimism. But I also think, as John said, "Well, we've got a long way to go."

I want to just make some opening comments about the overall policies I spoke about the other night. And then I understand we'll have a Q&A session which I hope will be statements and positions from you as well as inquiry of me. I've learned from these sessions. But let me just make some remarks on where we are in our overall economy.

I salute the members of the Cabinet that are here, but especially our visiting Governors. It seems that everyone in this country agrees on two things: First, that we need to get the economy moving, and second, that our people are up to the challenge of remaining number one in the world. I do not believe for a minute this is a country in decline. If you doubt it, go talk to any single world leader.

Last Tuesday, I really made a challenge to the Congress to pass what I feel is a commonsense growth package and do it by March 20th, and pass a long-term series of growth initiatives without delay. So, we had it divided short term and long term. The package relies on some commonsense objectives. It encourages investment. It protects the value of basic investments, like a home. And it does not raise Federal taxes. It does not increase the Federal deficit. And it doesn't employ short-term gimmicks that create long-term trouble.

Now, we all know the political process, particularly people sitting around this table. And you know that in an election year of this magnitude, bipartisan good will is in basic short supply. But we really cannot afford politics as usual. I think we have a realistic window here of opportunity, a chance to make real progress and to do it now. And maybe I'm a little optimistic on this one, but I do sense that Members on both sides of the aisle on Capitol Hill want action now. I've watched it and listened to the debate in the last few days, and that's my feeling.

Inflation and long-term interest rates are at their lowest level in two decades. That's good in terms of the recovery that inevitably is going to ensue. And I think more and more we're beginning to hear people say this sluggish economy is turning around. And certainly the American people are ready for action.

John Kennedy once wrote, "Any system of government will work when everything is going well. It's the system that functions in the pinches that survives." Well, it's pinch time. And I have proposed a way in which all of us can rise to the occasion.

In the State of the Union Address, I outlined a short-term growth package that does take care of the essentials. And it encourages investment which allows us to expand businesses and create new ones. And I'm talking here mainly about creation of new small business. It strengthens the real estate industry which historically has led us out of recessions in troubled times. And it encourages risktaking and investment by cutting the tax on long-term capital gains and by some other stimulative procedures. It also reforms Government. We're going after a bunch of pork-barrel projects. It holds the line on spending while moving money out of unnecessary programs and into vital ones.

And here's what I think it means for you: A 13-percent increase in money available for highway funding; a 158-percent increase from last year in land and water conservation fund grants; record amounts for education, a 15-percent increase from last year; and a 27-percent increase in Head Start. These proposals will make every 4-year-old eligible for Head Start, every one.

I believe the budget puts the money where it does the most good. Now, some complain, clearly, that it doesn't do much. I am proud of what it does. It lays out a blueprint for growth. And for some of the things it doesn't do, deserve some credit. It does not violate the budget agreement which is the only constraint in existence on discretionary Federal spending. And it doesn't raise taxes. And I think the program will work. And so while you're here, my pitch would be to visit the congressional delegations and urge them to move by March 20th. I really believe that deadline should be met.

Just a word about the long-term proposals. If you think of this moment in history, after the cold war, right in the middle of the information revolution where we are, something becomes crystal clear: We've got to retool America to meet the challenges of a new age, and that's an age of international competition. Cold-war policies just simply are not going to get the job done.

Now, businesses have begun retooling for competition in the world economy. State governments have adopted innovations that let them provide better services for less money. And I believe that it's time the Federal Government becomes part of that solution, too. So, let's start with one long-term goal that will make a huge difference in your lives. For years and years we in Washington have talked about cutting the deficit. And I really believe we must get that deficit under control. The Federal Government is too big, and it spends too much. And what that leads you to then is real budget discipline, and the long-term plan and the short-term plan provide that discipline. And I simply cannot let the Congress bust the spending caps that now exist.

I want the Congress to do what I believe you want, transcending party lines, and that is to stop showering the States with these mandates, unfunded mandates. For businesses or for States, mandated programs and benefits too often mean mandated deficits. And I've told Congress if you pass mandates onto the States, pay for them and don't do it by raising taxes on all the Americans, on the American people.

I want Congress to give me something that you have. I'm not naive about this, but I'd like to have that line-item veto. And I under-

stand the Legislature's urge to please a constituent by putting something in the budget. I was there. I was a Member of a Congress. And I also know that that practice of bending to the constituents' will on every project enrages taxpayers across the country, as well it should. So, I will keep repeating that a line-item veto lets a President or a Governor say something that's very hard to say, and that is, no.

I want the Congress to let the States supply their own resources to important social programs, apply their imaginations. And too often we have this one-size-fits-all blueprint that just doesn't fit outside of here, outside of this beltway.

Jefferson called the States laboratories. We referred to that at the summit, educational summit. Well, it's time we let the States do this R&D, get going on innovation. And I want to give State and local governments greater flexibility in administering services. And that's why we propose a revised \$14.6 billion block grant. And that grant will provide the States with needed flexibility to administer education and health and social services and the drug program, some of which I guess Bob Martinez was talking about.

I want to focus the Federal policy on crucial issues like welfare reform. And the key to that lies in one real simple word, and that is responsibility. Now, many States are in the innovation business, beginning to reform welfare with that responsibility. And they believe that when healthy adults receive Government assistance, they have responsibilities to the American taxpayers who fund them, seeking work, education, job training. I see Tommy Thompson; I had a long talk with him not just about the experience in Wisconsin but about what other States are doing in these areas. And we support that innovation. Clearly, we have responsibility to those in the social safety net. And we have a responsibility to ensure that welfare is a temporary net, not a guaranteed lifestyle. So, we're going to do what we can to help reform the systems. That leads us to waivers. If you need a waiver of Federal regulations to reform, we'll get you a waiver as quickly as we can.

And I want the Federal Government at another point to redouble our efforts for the

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most fundamental building block of a home, a school, a neighborhood, a city, our Nation, and I'm talking about the family. Several weeks ago—I mentioned this in making the State of the Union—a group came in from the National League of Cities, Democrats, Republicans, large cities, small cities, urging me to appoint this Commission on the Urban Family. The decline and disintegration of the family was at the very heart of the problems that they spelled out. And it was without exception; they agreed on this unanimously. And of course, I'm very grateful to Governor Ashcroft and the former mayor of Dallas, Annette Strauss, who agreed to lead this Commission.

I believe our plan looks at the fundamentals. It gives much-needed support to those raising families by increasing that personal exemption on the Federal income tax by \$500 per child. I wish it could be more, but that's all that can fit into this budget that will not bust the ceilings. That's all we can afford right now. We give families a greater stake in health care and education. And it proposes IRA reforms and tax changes that help people pay for these basics.

A final issue, and one where you all have literally starred in an exemplary bipartisan manner, and that's education. The Governors have helped unleash a long-overdue and much-needed revolution in education. And I want to commend the works of Governor Romer and Governor Campbell on that report of the National Council on the Standards and Testing.

The Senate has indicated unanimous support for the recommendations, and our new budget injects new funds for research, statistics, and assessment funding that would be used to help implement these recommendations. So now, we must take the work that we began together and take it further. And we must revolutionize these American schools. I don't know if Lamar has had a chance to bring you up to date, but clearly, I hope you will ask him where it stands if he hasn't.

I'd like to urge you to help me send this message to Congress to literally join in this revolutionary crusade for American education and to pass the strategy, pass the American 2000 strategy. We have got to give

every child full and fair opportunity to learn. We believe educational choice is the way, the clear way to help do that. Choice serves as a cornerstone in our America 2000 program. Thirty States have already embraced America 2000. And we can ensure just around this table that every State joins the march, that every community becomes an America 2000 community, that every kid is prepared for the competitive world of the 21st century.

So, our education revolution, and I use the term "our" advisedly. Governor Nelson chided me last night because I said "my" educational program. I was taking that up to Congress because, very candidly, they have a different approach there. But I accept that because it is "our" educational program. And that revolution is ours. It started in Charlottesville more than 2 years ago. It shows what can be done when we lay down our partisan swords in service to a higher cause. And I hope that you all will serve as an example, an inspiration for all of us in Washington during the next 6 weeks.

In sum, I don't want a partisan fight over our education program or, indeed, over this growth package. And I really want us to do what's right. And my eyes are open in terms of the partisan political year. But again, we have this timeframe now in which we can lay aside our partisan ambitions and get something done for this country, both in the educational field and in terms of growth.

So I guess the bottom line is, I need your help. I'd like to ask for your help to talk to the Congress about these initiatives. And certainly I would solicit, earnestly solicit your help to see us move this country forward to try to revolutionize education for the generations coming.

Thank you all very much. In just a second we will be alone and able to hear a few suggestions or answer a few questions. Who's next?

Governor Romer. Mr. President, let me just begin by thanking you for your firm and steadfast leadership in the world during this time of rapid change. We're grateful for your budget initiatives to stimulate economic growth. And your partnership with Governors is a significant one in Federal-State relations. Especially in a city that is covetous of power, we appreciate the fact that you

think of us as partners. Especially we appreciate the opportunity of working with you on national education goals, child care legislation, on increased funding for Head Start.

Could I ask the press not to leave yet?

For clean air legislation, the U.S.-Canada trade treaty, and national transportation legislation, all of those things. We're here today to say to you that we appreciate your cooperation and pledge our cooperation with you as we share this opportunity to bring America into the 21st century.

Excuse me, we need a new format here. I come as a part of a nonpartisan organization, NGA. I'm the incoming chairman, and I think there are a lot of things that we need to discuss with the administration. And unfortunately, this format is not a good one; it's kind of structured. They're assigned questions.

The President. Ask me anything you want.

Budget Proposals

Governor Romer. But I think that there are things that we do have a bipartisan program on, and there are some things that we honestly differ, Mr. President. And I, before the press left, wanted to say that on the main issue that is on your mind, and that is the economic recovery program and the budget, I think that there are some very strong feelings about that issue from Governors. And I think that we, hopefully, can arrive at a bipartisan answer to it.

However, there are a couple of points that you made that I think have partisan implications. And I just, frankly, want to answer them before the press leaves the room, and it is in reference to your budget proposal. I also want to get gimmicks out of that budget. I don't think they're out yet. I think there's a \$12 billion gimmick, which is an asterisk which is not yet identified as to where the money is going to come from. And I think there is a \$28 billion gimmick in there in terms of accrual accounting of anticipating things in the future.

Now, I want this to be settled, if we can, by honestly working through the options. But I honestly believe that we ought not pose this meeting with the Governors of how can we as Governors help you go to Congress

and convince them that your approach alone is the only approach. I think there are other approaches, and we ought to, as Governors, recognize that and to say together that we need to take these differences and work at them.

Positively, I just hope that whatever solution we come by, that we do not, in the short-term solutions, dig ourselves holes where we do not have long-term economic growth available to us. And I just wanted to lay out that issue because it was an honest issue among some Democratic Governors that we want to communicate to you that we're concerned about the budget that you've laid out. We're concerned that it does not provide the revenue to do what is anticipated there, and we're concerned that some of those may end up on our backs, particularly the \$12 billion undesignated source.

The President. But if it doesn't provide the revenue, are you all suggesting a tax increase now at the Federal level?

Defense Budget

Governor Romer. Well, I think that the approach that many Democratic Governors are taking is the following: That we ought to take the peace dividend, whatever size it is, \$50 billion to \$100 billion over 5 years, and have it directed toward economic stimulation of the country. Secondly, that we ought to take the issue of tax fairness and adjust it between the middle class and those in the upper brackets as Congress and you may jointly decide. But I think that—I'm worried about trying to take the peace dividend and to make the economic tax adjustments that you suggested with figures in the budget that I do not yet believe balance.

The President. Well, let me get to the defense budget. Is the Democratic Governors taken a position that it ought to be a \$100 billion defense cut? I have said to the Nation I think it ought to be \$50 billion, and the Joint Chiefs of Staff think it ought to be \$50 billion. And I have a responsibility for the national security and the foreign policy. And in my view, \$50 billion, based on recommendations from the Joint Chiefs and from the Secretary of Defense, is right.

Now, are we saying—we're getting to specifics here. Do you want it to be \$100 billion,

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and if so, what bases do you want to close?
What areas do you want to shut down? What
weapon systems do you want to knock off
right now? Where do you want to lay off the
people? We've got a program. We're testify-
ing on it every day. Now, I'd like to know
what your suggestion is specifically, while we
have the press here.

Governor Romer. Let me answer it. The
reason I got into this is that I recognized in
your presentation—and before the press was
to leave—was an identification of these Gov-
ernors to go to Congress and argue for the
budget message that you made. And I simply
am trying to say there is an alternative point
of view that ought to be put on the table.
And that alternate point of view is, first of
all, in the size of the military peace
dividend—

The President. Right.

Governor Romer. —there is a debate
whether it's \$50 billion or \$100 billion. And
I don't know the answer to that because I
don't sit in the Halls of Congress. But I think
that debate ought to go forward. Secondly,
there is a debate as to whether or not the
tax structure is fair, and that debate ought
to go forward. And I think that the Governors
ought to be able to participate in both parties
in that debate and—

The President. Well, let's discuss it. What
do you think we ought to do? What level do
we have of defense spending? We're testify-
ing every single day for the details of this
program. But if you've met and you want to
say something in front of the press about—
I ask you to be specific with me. I think that's
the way we ought to approach it.

Specific Budget Issues

Governor Romer. Well, the specifics that
I'm really concerned about, about the bud-
get, and I'll be detailed about it, is there's a
\$12 billion asterisk that I think hangs over
the head of Governors because it may be
State programs that are cut. There is ac-
counting, accrual accounting in future re-
ceipts that concern me. There are implica-
tions of tax revenue loss in the IRA treatment
in years ahead that may produce additional
deficit. And in the course of the 2 days that
I have been in town, I find that there is a
considerable point of view, at least among

some Democratic Governors, as to what
that's going to mean in terms of how we settle
on the economic recovery package.

Now, Mr. President, I'll frankly try not to
make this any more partisan. I'm just saying
that I want to have an opportunity that we
can come to the table, we as Governors on
both parties, have this discussion in detail so
that whatever this economic package is, it's
going to fit with the States when we get it
passed.

The President. I think, you will recall, at
the opening of my remarks, I invited that
kind of suggestion. Now, inasmuch as you
raised a couple of specifics, I think you're
entitled to an answer. And I'd like Dick
Darman who has testified to respond to those
two points.

Director Darman. Thank you, Mr. Presi-
dent.

The accrual accounting point is really quite
arcane. But for those who are aware of the
issue to which the Governor referred, let me
clarify a couple of things. First of all, the
budget numbers that we published and the
deficit numbers we published do not, do not
include the effect of the accrual reforms. In
other words, the number that is an unattrac-
tive number for fiscal year '92, which we pub-
lished, \$399.4 billion estimated deficit with
our program, does not include the effect of
the accrual accounting reform we rec-
ommend, point one. In other words, the
premise is wrong.

Second, the accrual reforms which we pro-
posed, we proposed in June of last year be-
fore the growth package. They are independ-
ently desirable. We were asked by the Con-
gress to make a recommendation. We made
that recommendation. The Congressional
Budget Office was also asked. They made the
same recommendation, that insurance pro-
grams should be subject to accrual account-
ing. The two different independent account-
ing organizations, outside CPA's, made the
identical recommendations. And in fact,
many States followed the same approach and
are ahead of the Federal Government. Some
have argued that had we had accrual ac-
counting in the past, we would have seen the
adverse effect of the S&L crisis in advance,
and it would have taken the appropriate pre-
ventive action in advance.

So, I think that that point is not quite apt as a criticism. In fact, it's a useful reform we're recommending, but it is not used in the deficit numbers that we published at the lead of the budget.

On the IRA scoring issue, again I'm afraid there's a little bit of confusion. We actually scored the IRA proposal as losing money. But we nonetheless propose it because we think it has a favorable long-term effect on growth. There are some in Congress who have proposed IRA reforms which they score positively. We did not adopt those. We adopted and explicitly over 5 years showed revenue losses, small gain in the first 2 years, substantial decline in the 3d, 4th, and 5th year, with the declines increasing in exactly the manner you suggested, Governor Romer. But we did it above board, and we financed it.

On the point about the asterisk—sorry for going on so long, Mr. President, this is all rather arcane. This one is extremely technical. I believe what you're referring to shows up in fiscal year '94 and '95. And it's the only thing that I can think of that would qualify as related to the number you've mentioned.

What we have done is we have proposed a budget authority freeze, fiscal year '93 relative to '92, with every single program cut fully identified above board, with every program termination fully identified, and with all the increases identified. That's what the law asks us to do. That's all we have to do in the Federal appropriations process, one year.

For the outyears, we extended the budget authority three forward, '94, '5, '6, '7. The outlays that are associated with that you can't know at this stage; you don't know until the Congress has made the decisions on fiscal year '93. And you have to assume an outlay ratio. We did, but they've hit the cap. So, we made an allowance adjustment to make it consistent with the law on the outyears at the same time as we proposed to amend the caps to make it conform correctly.

But none of that has effect on the actual appropriations process. For the appropriations process for this year every single line, every project, every proposal is specified in detail. There is no magic asterisk.

Thank you, Mr. President.

Timing of Congressional Action

The President. While the press is here, did the Democratic Governors meet, and is there any feeling that we shouldn't press to try to get something done by March 20th? Is there a spokesman on that point? Because what I would like to suggest, not that you have to sign every "t" and "i" but that we all urge Congress to move by that date. If that date isn't good, what date? Is there feeling on that one?

Governor Richards. I don't believe, Mr. President, that there was any question that the Democratic Governors as well as the Republican Governors are anxious to have Congress move expeditiously. There was no discussion of a magic date, but I suspect that the Congress is going to move very quickly, not only because we're going to urge them to do that because it's the right thing to do, but because we are very cognizant that it is an election year. It is time for Congress to get its budget proposals out there.

The President. That's good because I think most agree, people in the country agree that it can move. It moved very fast on, and properly so, on these extended benefits, and I think it can. And I just hope that that's an area that we can have common, make common ground here because it's important.

While the press are here, are there any other—Jim, yes.

Medicaid and Welfare Waivers

Governor Florio. Mr. President, I'm authorized to ask a question that I think is on the minds of many of the Governors. As we try to put together our budget problems, there are two areas that sort of jump out that are extremely difficult for us to deal with: One is health care in general, Medicaid in particular, and the other is the welfare situation that you've talked about.

We are all trying to, in the best federalistic tradition, frame our own packages to be able to be cost-effective. And we are doing it, at least some of us are doing it, in ways that are not, policy-wise, universally applauded. It is tough. I was pleased to hear in your State of the Union Message the discussion about waivers, and today again I was very pleased.

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I guess what I would urge, and I think I urge it on behalf of everyone, is that the departments, particularly Health and Human Services and of course OMB, which gray eminence always plays a particular role here, look at these waiver requests with the—I'm hesitant to use the word—the most liberal interpretation capable in order to let us put these programs into play in the way that we think our localities will be able to deal with them.

And then, and most importantly, expeditious. There has to be some review of these things quickly as opposed to—and I was talking with the Governor of Massachusetts who was lamenting the fact that it took a year for something that he has an interest in. So that if there's a way that you can, in accordance with what you've expressed already, communicate directly with some of your folks that this is a high priority, it would help us. I suspect it would help the Nation. And I just want to lay that out as a very important initiative that the administration can take.

The President. I think we've got agreement on that one. And I can assure you that's what we will be trying to do. I hope it doesn't require—we were just talking about this when I was talking to the Director before coming over here, as to whether legislative changes are essential in any of this waiving of authority and control. And I gather we can do a lot without that.

But Dick, do you want to address yourself to that one? Some of it, again, is technical.

Director Darman. Only to say, Mr. President, that this is one where I do think we are in complete agreement and are anxious to make sure that the waiver process moves more quickly and also that in applying it we're more flexible than we have been in the past, both of which I think have been subjects of legitimate complaint by the Governors. That is, that we've been too slow and that we've been too, if you'll pardon the word, illiberal. So, I would think under the President's direction you'll see a visible and discernible and prompt change on this subject.

Governor Miller. I'd just like to ask a more particular followup question, after the President, of the Office of Management and Budget, and that is: Can that be interpreted

to go into the provider payment in which the OMB had a contrary position that was more limiting on States just several months ago and that was worked out, a temporary compromise, I believe, with the Congress? Can we interpret, then, that with that type of philosophy that we will be able to utilize that in the future? And that's something that affects our budget of potentially \$25 million; some other States, a couple of hundred million. And that's the type of interpretation, I think, that has caused us some concern.

Director Darman. Are you referring to the Medicaid agreements we reached—excuse me, Mr. President, may I?

The President. No, please.

Director Darman. The Medicaid agreement we reached at the tail end of the Congress and then legislated? We propose to honor that 100 percent, notwithstanding the interest in reforming the health system. And some have advocated going back at disproportionate share and other things and reopening that agreement. We propose to stick with that agreement, honor it, and live within it. It, I think, is a stable and mutually agreeable place to move forward, isn't it?

Trade Initiatives

The President. Any others? Tommy.

Governor Thompson. Mr. President, let me compliment you on your leadership as trying to get through GATT and the NAFTA. If we're going to get our economy moving, it's got to be done with a lot of exports. I was wondering if you could give us an update as to how the GATT is proceeding as well as NAFTA, which is very important to States like Wisconsin and Texas. And I want to compliment you on your leadership in that regard.

The President. Well, NAFTA, as you know, is getting a little caught up in politics. We are not going to take a bad agreement to the Congress. We are going to push for a North American free trade agreement. I talked to the Prime Minister of Canada yesterday on it. I've been in touch with Salinas of Mexico, who's doing a superb job down there. And I told them we are not going to pull back one inch, politics or no politics.

This expands job opportunity for Americans. And the argument that it takes Amer-

ican jobs away is just not true. Just in recent history, the exports to Mexico have dramatically gone up, and that's very, very good for American jobs. So on that one, we're pressing forward. I'm going to try to set aside any political timetable on it but move it to completion.

We are being fought by the unions, strong. They are wrong. And those of us who believe in expanding markets and a more prosperous Mexico is good for the United States, whether it's their ability to do something about their environment, or whether it's their ability to buy more American goods, that's sensible trade policy. So, we're going to press for it. Whether we'll get it, Governor Thompson, in time or not, I don't know.

The GATT, which in a sense is broader because it gives us problems in Europe, is extraordinarily difficult. The major stumbling block is still agriculture. It is not the only stumbling block. I had a chance to visit with President Mitterrand up at the United Nations on Friday. We've agreed to talk again in a bilateral meeting on this subject. The Germans are involved, and they tell me they're trying to be helpful. But I don't want to misrepresent it to the Governors; we still have some big problems on bringing this one to conclusion.

And it is essential that it get done because if it doesn't get done, what we're going to do is see the world start dividing up into trading blocs. There's one out in Asia that makes some sense, the ASEAN bloc. But if you add to that Japan and try to make a Pacific trading bloc, that would not be good for free trade worldwide. I similarly went to great ends to tell them that the NAFTA, the free trade agreement, was not an effort on the part of this hemisphere to divide into a trading bloc. And I think I've made that point, I hope convincingly, to the EC and to Europe.

But it is important we get that deal done, and get it done so the Congress can approve it. We're not going to take a bad deal up there. It isn't simply agriculture: We've got intellectual property rights; we have market access; we have some other ingredients. But we've got good people working this problem. There's Ed Madigan here today. He's handling the agriculture end and can expand on that. But Carla Hills, doing a superb job. It

isn't easy right now because I think it's much more European politics than it is U.S. at this time. Because the common agricultural policy there is one of high subsidization.

And the last thing I'd say, for those who are doubtful about it or unclear, the best way to help countries that need help the most is through a successful conclusion of the GATT round. The Third World countries would benefit there more than any others.

But Ed, do you want to add a word to that? Because I know a lot of people around this table are vitally interested in the agricultural component of this.

Secretary Madigan. Mr. President, the Director General of GATT, Arthur Dunkel, has made a proposal for the solution to the round, and that proposal is regarded by the United States as being a very acceptable framework for bringing the negotiations to a close. And as you point out, the Europeans will not accept it. So, Mr. Dunkel has begun meeting unilaterally with the Europeans this week to see if he can work out something with them that he would then propose to the rest of us. We don't know the status of those talks at this point.

The President. Pete, Governor Wilson.

Congressional Mandates and State Priorities

Governor Wilson. This is coming back on Jim Florio's point. I think that there should not have been a Governor listening to your State of the Union who didn't cheer when you made the point that you did and that you repeated this morning about waivers. If there should be bipartisanship on anything, at least among the Governors, it's on that point. I can't think of a Governor here who has not at some point or another given voice to the complaint that we are being compelled to spend State tax money in accordance not with our own priorities but really with the agenda of the congressional committee chair. And it does distort priorities. It does distort our spending, not just at the State level, but I would suggest that most of the distortion is linked to Federal spending.

And so, I would say that we have reason to be not only grateful but also, as we seek the waivers, I think we're all well aware that the waiver is temporary relief. God knows

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we're grateful for it, and we are very grateful for the speedy action that you're bringing about. The real answer is that Congress passed these laws, and Congress should repeal them. And I think we ought to help one another. I think, frankly, that those of us who have complained so loud and long have an obligation to ourselves as well as to you, not only to Federal taxpayers but to those common constituents who are State taxpayers as well, to go up there and really start changing the laws. Now, that's going to be hard to do because committee chairmen enjoy the power of the purse. They love that generalized prescription.

But this may not be the perfect season in which to do it. But after your reelection, to venture a partisan comment, we ought to go up there, bipartisan, and say to these committee chairmen, "We've had enough. You are distorting the whole process."

The President. Would it be possible to get agreement amongst Democrat and Republican Governors as what legislative changes would be enacted, whether we could get together on that, whether the Governors' Association might get together and suggest legislative changes? Because if that came up there in a bipartisan way I believe it would make a tremendous impact on Congress, far better than, say, the administration taking it up with the backing of some Governors.

Governor Romer. I think that there is the possibility for us to do some bipartisan work in that area, and I think it would be very helpful for us to sort that out. And Mr. President, I appreciate this conversation. This is what I was hoping that we could do, is to identify those things where we bipartisanly really can go together, but also to identify that there are some times and some places in an election year that we do have differences. And I appreciate your giving us the opportunity to raise these differences this morning. And the reason I did it in an abrupt way, I just did not want us to be in the posture of endorsing only the one economic approach which was in your State of the Union Message. There is more than one, and I appreciate you giving us the opportunity to expound that this morning.

The President. All I was doing was appealing for an endorsement, not suggesting

you endorse it—[laughter]. I've known you too long.

Who's next? Terry.

Agricultural Trade

Governor Bränstad. Mr. President, first of all, I want to thank you for your assistance in trying to open some markets for us. Something that was done a few years ago, opening the market for beef in Japan, is really making a difference in my State. And I heard David Gergen say recently that 80 percent of the new jobs created last year were as a result of exports. We can't afford to go into protectionism. We have to continue to fight for access to those markets. And I just want to encourage you to continue to lead that effort for access.

We're being discriminated against in the European Community because of the hormone issue, which is a false issue, doesn't have anything to do with health. And we need to continue that. And I know that's a stickler; that's an issue in the GATT negotiations. But I just want to encourage you to continue to take a strong stand on that. It's very important to us, especially in agriculture. Given an opportunity to compete in a fair playing field, we can compete in the world.

The President. You want to respond, Ed?

Secretary Madigan. I think, Mr. President, in the Dunkel text, the standards on sanitary and biosanitary issues have been well-regarded by the wheat producers in the United States because they would deal with that hormone issue in Europe. That's one of the things that all of our producers seem to like about the Dunkel text.

The President. Governor Sinner had his hand up.

Energy Policy

Governor Sinner. In this whole area of trade I get very nervous about us putting ourselves in a continual vulnerable position on energy. I can see why other countries have the same feeling about food. You and I had a long talk about energy when you were Vice President, and you had been over to the Middle East. And I remember then that you shared my concerns that we sit here totally vulnerable to a Middle East tyranny. And I want the free trade. But I think when you

get into the area of energy and food, we have to understand that the people of Europe have been hungry, and they aren't going to forget that. And we have been through a horrible war, \$100 billion we spent, a couple hundred thousand people dead to protect our energy resources. I want to say that I think we have to be extremely careful and not euphemize free trade as though there weren't some other considerations because it is not magic. It's not in the Constitution. What we are bound to do here is protect the people's needs.

The second thing, you asked a while ago if any of us were for tax increases. And I don't speak for anybody but myself. But my children and your children and the children of all the people around here are going to face one hell of a debt. And I, for one, say my answer to your question: Yes, I would favor that. I think it's time we go back and tax some of the wealthy people. I'm not super-wealthy, but what I pay in income taxes isn't very much, really, compared to what people in low-income brackets pay. I think you could tax the wealthy a lot more.

And the fact is if we continue into this sewer of debt, our children and the families that are suffering today, that's nothing compared to what the families of tomorrow will suffer. So, I just want you to know that I, for one, would stand up and suggest I do think we should raise them.

The President. My problem on that is that the percentage of the GDP, GNP taken by taxes is inching up, and it's too high. But anyway, we have a difference on that one.

I don't think we've got a difference on energy. One, you and I do agree, I think, that there is a risk in becoming ever more dependent on foreign oil in this country. And one of the reasons I strongly support the ANWR is because, one, I think it's environmentally compatible, and secondly, most importantly, I think that offers us a chance to at least turn around this increasing dependence on foreign oil. And I think it's about time that we make that case. For those of us, Democrat or Republican, who believes in our national energy strategy as outlined, we ought to fight for it. So, I don't think we have a difference.

And what I'm getting at, though, is I don't think that there's anything in these free trade agreements that is going to adversely affect development of domestic energy. I just don't believe that there's anything, if we've got a good NAFTA or we've got a good GATT agreement, that either one of those would make us more dependent on foreign oil at all. I don't see the connection on that one; maybe I've missed it. But I certainly don't want to see us become more dependent on it, and I don't think we have to.

Governor Sinner. —[inaudible]—that free trade will somehow or other obliterate the dangers that befall society if we became totally dependent on something called free trade in energy. That's the point I wanted to make.

The President. Yes, unfortunately we're becoming, because of failure to move forward with safe nuclear power, which I think we can do—we'll get a lively debate on that one around this table, I'm sure—or getting more technology going. I think we've got a problem on energy dependence, and I'd like to see it reverse. And that's what we've tried to do in our national energy strategy which we have not gotten through the Congress. Again, I'd make an appeal for you people that are interested in the energy side of things to take a look at it and support it where you can. I see Jim over there, who's done a superb job on our overall energy requirements, trying to make us less dependent.

I cannot certify that our program—and, Jim, correct me—will make us independent of foreign sources of all energy. It won't. But it will move us in the right direction. Is that about right?

Secretary Watkins. Yes, that's right. The bill stripped down will come to the floor this afternoon at 2 p.m. It will then go through a debating period and come up for a motion to proceed. Whether there's going to be a filibuster, I don't know. That should happen on Wednesday, and we should be underway on debate. Unfortunately, it does take out the Arctic National Wildlife Refuge; it takes out the CAFE standards which we were going to get all the way along. Nevertheless, the Arctic National Wildlife Refuge, as you mentioned properly, is part of the growth package. It is worth about 500,000 jobs over

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the next 10 years. It's worth about \$200 bil-
lion in reduction of our trade deficit. Those
monies always go offshore.

The movement of that particular refuge
will not only be worth that 8.5 billion barrels
but will also carry along, with the residue of
the Prudhoe Bay will add another billion bar-
rels. Now, that's good for the economy of
the United States. And so that's why you in-
clude it as part of your growth package and
encourage them to pass this bill, which is
filled with natural gas expedition movements
to the private sector, to industry, to business.
It's good; it's clean. You've got a very bal-
anced program there, and I'm hopeful that
the 14 titles that remain, that we will see
an expeditious address by the Congress.

And I hope that we can continue the fight
for bringing back the Arctic National Wildlife
Refuge as part of your growth package, if
nothing else. You can't get it in the energy
bill; keep it in the growth package. It is real
growth.

We need revenues to find the alternatives
to oil which is the very thing we're trying
to do in getting alternative fuels. You have
the most powerful alternative fuel package
that's ever been put together in this country,
to go in all directions. It will help many Gov-
ernors around this table with the ethanol;
the methanol; the electric car, the oppor-
tunity to drive those electric cars with the
off-peak loads in our industrial plant today.
We have plenty of electrical power for 120
million of those vehicles. We can get off this
oil in our transportation sector.

And we still need the oil, our own oil. And
so, we can move in the direction that sta-
bilizes that increase in imports. And I think
your bill not only does that, but your bill is
a very powerful growth package for both jobs
and revenue for the country.

Low Income Home Energy Assistance Program

The President. Governor Dean.

Governor Dean. We've been tossing
around huge numbers. I want to talk about
a much smaller number, just about \$500 mil-
lion. In your budget last year, you rec-
ommended the cutting of the low-income
human assistance program. It's a small pro-
gram. It's \$1.5 billion this year. It's prin-

cipally used in the northern States to help
people get through the winter with fuel as-
sistance. We had to put some State money
up. Of course, we had to level-fund our State
budget this year, so that meant we had to
take the money from somewhere else.

In your budget this year, Mr. President,
it's recommended that you cut the program
again by 33 percent. And we could barely
handle last year's cuts. I would ask that you
might reconsider and possibly levelly fund
that, which I think would be consistent with
your own budget goals. It would mean a great
deal particularly to those over 65 and living
alone and who really depend on this program
in the northern States for keeping themselves
warm throughout the winter.

The President. Does anybody got avail-
able the figures on home heating oil price,
say, 2 years ago compared to what it is now?

Governor Dean. Well, this year, Mr.
President, you're correct. This year we were
able to—

The President. It's less, isn't it now?

Governor Dean. It's much less now, and
that's one of the reasons we were not hurt
as badly by the cuts this year. But I don't
expect the home heating oil price to go down
another 33 percent next year. And also, of
course, there are a great many, at least in
Vermont, that heat with other fuels such as
wood or natural gas, and the price has not
dropped commensurately.

I'm not so much complaining about last
year's cut, which we did deal with, but if we
were to lose 33 percent of that program,
small program though it is, we would be dev-
astated.

The President. Dick, do you want to com-
ment on it? I can't remember the exact num-
bers, but I—go ahead.

Director Darman. The Governors will
perhaps remember, Mr. President—it's all a
question of perspective, I suppose. The
standard proposal for this program, which is
known colloquially as LIHEAP, the standard
proposal has been zero in the past from the
administration. And this year, we're at a bil-
lion. So, we look at it as a billion more than
some might have recommended and pro-
posed, and you look at it as half a billion
less.

The way the appropriations process works, as you know, these things are still subject to adjustment within the caps. And so if this goes up 500, something else has to go down 500. This is not one that we would, I think it's fair to say, fight and die over. We thought a billion was a lot more than zero. I can understand why you think it's less than 1.5 billion.

Medicaid Waivers

Governor Romer. I want to thank the President for his willingness to exchange these views with us on such a candid level. And I appreciate his welcome to the White House that he has consistently extended to us as Governors.

And even more importantly, I appreciate the fact that we've been able to work together in a true federalism partnership which has made it possible for us to be more productive.

Some of the questions today even reflected the way in which we've been able to work out differences. The one about the Medicaid settlement was a very serious problem to a number of us. We worked together through the months of October and November in a fashion which included they-said-it-couldn't-be-done type activity. And the Congress, because the President had worked so arduously with us toward reconciling those differences, agreed. And we were able to stabilize the situation which was highly volatile for our own budgets and for the Federal budgeting process as well.

So, Mr. President, thank you very much for your special welcome to us, and your kindness to us, your cooperation with us, and your willingness to exchange these views with us. We're deeply grateful to you.

The President. Listen, I enjoyed having you. I see John Sununu. I think those of you, as we tried to get through that Medicaid problem, you had an inside voice here. [Laughter] And I really think he deserves credit for the fact we were able to reach agreement that brought some relief and, I wouldn't say joy, but at least less concern to the Governors around the table. I'm very

grateful to him and Dick also. But it required some skill up on the Hill, too, which he demonstrated.

But in any event, thank you all very much. And I appreciate the spirit of this visit, and look forward to doing this again. Thank you very much.

Note: The President spoke at 11:15 a.m. in the East Room at the White House.

Exchange With Reporters Prior to a Meeting With President Ronald Venetiaan of Suriname

February 3, 1992

Q. Any defense of American workers in response to what Mr. Miyazawa said?

The President. Just go by what Marlin Fitzwater told you guys when you asked the same question about 6 hours ago. [Laughter]

Q. Have you seen the—

The President. Strong support. I just heard what Marlin said, and I back it 100 percent. I also saw the correction by Mr. Miyazawa, I'm pleased to say. So, that was fine.

Q. Do you accept that, sir, as an apology?

The President. I accept it for what it was, a very clear statement from a good man. A man who has said, clearly, that they're going to live up to their commitments, and I support him for that. And we had a very good visit. So, you know, he's gone out of his way to make clear that he was not denouncing all American workers, and I strongly support them and continue to say so. We can compete with anybody in the world if we're given access. Marlin summed up our position very well.

Note: The exchange began at 4:31 p.m. in the Oval Office. In his remarks, the President referred to Prime Minister Kiichi Miyazawa of Japan. A tape was not available for verification of the content of this exchange.