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WHITE HOUSE STAFFING MEMORANDUM

DATE: 9/9/92 ACTION/CONCURRENCE/COMMENT DUE BY: TODAY, 9/9 2:00p.m.

SUBJECT: PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB THURSDAY, SEPT. 10

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	X MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	X MULLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	X PROVOST	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROSS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTWILER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	X ZOELICK	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN <i>to McF by phone</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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CALIO (JIM)
 N/C
 Detroit Economic Club
 4:50pm

REMARKS:

Please for
 no later
 Thank you

122, x2930,
 this office.

RESPONSE:

Called

Handwritten signature
 WILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

THE WHITE HOUSE
WASHINGTON

September 8, 1992

02 SEP 8 P11:27

MEMORANDUM FOR THE PRESIDENT

THROUGH: STEVE PROVOST *SP*
FROM: ANDY FERGUSON *AF*
SUBJECT: DETROIT ECONOMIC CLUB

On Thursday morning, September 10th you will deliver remarks (38 mins., teleprompted) to 2,000 members of the Detroit Economic Club. Your speech unveils your Agenda for American Renewal. Your remarks are drawn exclusively from the Agenda.

Note: Given the significance of this speech, we wanted to be sure you had an opportunity to review it during the day. We will be refining it on Wednesday, but hoped to get general reaction from you as we are doing so.

September 8, 1992
11:00 p.m.
AGENDA

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB
SEPTEMBER 10, 1992
DETROIT, MICHIGAN

Good morning, everyone. (Acknowledgments)

This morning I am releasing an Agenda for American Renewal. And I've come here today to introduce it to you and the nation.

My agenda diagnoses the economic problems our nation faces, lays out the principles that should guide us in the years ahead, and explains the integrated approach I am pursuing to meet the challenge.

Over the past weeks I have been discussing elements of my economic agenda, and in the weeks ahead I will be expanding on those and other ideas. The document I am releasing today shows how the pieces fit together.

But let's begin this morning by stepping back, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission in the lifetime of our country -- the triumph of democratic capitalism over imperial communism.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

Throughout history, at the close of prolonged and costly wars, victors have confronted the problem of securing a new basis for peace and prosperity. The American people recognize that we stand at such a watershed.

They sense the epic changes at work in the world and the economy, the uneasiness that stirs the democracies who served as our partners in the long struggle.

They feel the uneasiness in their own homes and communities; and they see the difficulties of those who have felt change most directly.

And they know that while we face an era of great opportunity, we face great risks as well -- if we fail to make the right choices, if we fail to engage this new world wisely.

But America has always possessed unique powers, and foremost among them is the power of regeneration -- to transform anxiety into opportunity. Only in America do we have the people, the talents -- the principles and ideals -- to fully embrace the world that opens before us.

For America to be safe and strong, we must meet the defining challenge of the 1990s: to win the economic competition -- to win the peace.

We must be a military superpower, an economic superpower, and an export superpower.

My Agenda for Renewal asks that we look forward -- to open new markets, prepare our people to work, strengthen our families, -- to save and invest -- so that we can win.

Our renewal depends on economic growth -- but growth not for the few at the expense of the many, not for the present at the expense of the future.

In our country we have always prized an entrepreneurial capitalism that grows from the bottom up, not the top down, a prosperity that begins on Main Street and extends to Wall Street -- not the other way around.

We have never been seduced by the view my opponent offers - - of a government that accumulates capital by taxing it and borrowing it from the people, and spending it according to an industrial policy fashioned from the latest academic theories.

My agenda is for an inclusive, not an exclusive America -- and surely not for a reclusive one. My international economic and trade strategy will guarantee our position as an export superpower, extending our global economic reach in tandem with our security presence -- to stretch beyond our borders so that we can create more jobs within them.

At the same time, we need to foster at home the capabilities that will keep us in the lead: ^{Fundamental} radical changes in our education system to prepare our children for a constantly changing ^{improvements} workplace; incentives for entrepreneurs and new technologies to sharpen our competitive edge; job training and health care reform to promote the economic security of our working men and women; and new approaches for reaching out to those who have been left behind, since in the century ahead we will need the aspirations and energy of every American.

And finally, because our greatest strengths flow not from government but from the personal initiative and energy of free

men and women, my agenda aims to check the growth of government, and, in some important ways, to reverse it.

Fitted together, each overarching and underpinning the other, the components of this agenda should renew America according to her most cherished principles.

And this renewed America will be empowered toward a grand goal: to nearly double the size of our economy, to \$10 trillion, by the early years of ~~this century~~ *the next decade. century.*

To place my agenda in a larger context, let me turn briefly to five profound changes now at work in our economy. When Americans gather around the kitchen table at night, and talk about how they'll meet a mortgage, or pay the doctor's bill, they're feeling these changes in their lives. And before the changes have run their course, they will have forever altered the way Americans buy and sell, work and create.

The first great change in our economy is ironically caused by our very success in ending the Cold War. In the short run, reductions in defense spending have meant painful lay-offs in many industries, and we are taking steps to ease this transition. But in the medium and long run, reductions in defense spending will free up priceless skills and technologies for peacetime growth.

Second, most of our industries are transforming themselves from the old-style hierarchical organizations to so-called flattened pyramids, emphasizing a skills-based workforce, "lean production," and shorter product cycles. From castings to

computers, this is a revolution as dramatic as the one made earlier this century, when Henry Ford led the country from craft-based production to mass manufacturing.

While these changes are essential to maintaining our competitive edge, they've come with a cost -- lay-offs and cutbacks among both white- and blue-collar workers, who ^{also} must worry about their health care and pensions. These hard-working people need reassurance -- not only about their economic security, but about preserving the sense of self-worth that only work can provide.

The third change: while the 1980s brought us the greatest peacetime expansion in our history, the boom also led too many companies and too many households to take on too much debt.

gov't debt?
We have been paying down that debt -- and lower interest rates have helped us do it. The process is largely over, but consumers and companies remain cautious.

The fourth change involves our financial system. We entered the '80s with a banking system designed 50 years earlier, a relic in an era when billions of investment dollars can cross borders (at the speed of light).

The late '70s threatened this anachronism with record interest and inflation rates -- as well as newer, more competitive financial services. The less efficient institutions could not survive, obligating the federal government to protect the savings of millions of Americans.

This process, too, is nearing its end. The result will be a more flexible and efficient financial system. But for now, lenders are cautious and, despite low rates, small businesses still find access to credit difficult.

The most far-reaching of these five changes is the emergence of a global economy. No nation is an island today. One out of every six manufacturing jobs is directly tied to exports. The crops sown from one out of every three acres of farmland is sold abroad.

Consider three implications of the global economy: One, when growth slows abroad, as it has recently, our own growth slows as well. Two, America will only grow in the next century if it can compete globally -- in every part of the world. And three, we must seize every opportunity to open new markets, particularly those with the greatest potential for expansion.

Now, in drafting an agenda for America's future, we had to assess our strengths as well as our weaknesses. Conveniently, the other side has discovered many weaknesses, very few strengths. Of course, they might find temporary political gain in portraying an America past her prime and over the hill. But they have no more right to argue, for partisan purposes, that our economy is weaker than it is, than I have to underestimate our problems.

Our strengths are real. The Misery Index -- the sum of inflation and unemployment -- is 10.8 percent today, down from 19.6 percent in 1980.

Inflation stands at about three percent.

Interest rates are at a twenty year low.

The purchasing power of Americans gives us the highest standard of living in the world.

We enjoy the highest home ownership rate of all major industrialized countries.

We send 68 percent of our children on to higher education - more than any other country -- and well above Germany's 32 percent and Japan's 30 percent.

And with 5 percent of the world's population, we produce 25 percent of the world's total output.

I could go on, but I do not mean to suggest that all is well -- that we do not need to lead and manage the changes transforming our economy. But you can't chart the stars if you think the sky is falling. Over the past 12 years we have almost doubled the size of our economy. It's as if we created two extra economies the size of Germany's from scratch.

How will we meet our goals? Before outlining the specifics of my agenda, allow me to set out four principles. I believe these principles are deeply embedded in the American creed -- for the principles that must guide change are the principles that must never change.

First, I believe America is a nation of special individuals, not special interests. And individuals, in turn, draw strength and protection from families and communities, not the Government.

Second, because the individual, not the government, is the basis of a free society, an agenda for economic growth must adhere to certain fundamentals: lower tax rates, limits on Government spending, sound money, greater competition, less economic regulation, and more open trade.

Third, government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs, by giving them the means, the capabilities, and the confidence to make the decisions that matter in life.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. Just as barriers between countries and companies fall in the global economy, so too the traditional distinctions between foreign and domestic, economic and security policies look increasingly artificial. Our aim must be to execute our policies as a unified program to make America secure and strong.

Therefore my Agenda for American Renewal calls for action on six interconnected fronts. We face complex problems; no single solution will suffice. The whole of our agenda will be greater than the sum of its parts.

First, Challenging the World. During the Cold War, we built a global security structure underpinned by military alliances across the Atlantic and Pacific. In the same way, the post-Cold War era requires a strategic economic and trade policy -- global

in scope, and underpinned by our status as an economic and export superpower.

We are uniquely positioned to achieve this goal. As the largest fully integrated market in the world, we wield leverage with other countries that want access to our market.

As both a Pacific and a European power, we are tied to the largest and most rapidly growing economies across both oceans.

And as the strongest nation in our hemisphere, we are looked to for leadership by free economies emerging from Chile to Mexico.

The same holds true for the newly born economies of Eastern Europe and the former Soviet Union, where our values, our products, even our language, carry a unique appeal. In Moscow these days, the lines at McDonalds are longer than the lines at Lenin's Tomb.

The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people. As this openness is at last being reciprocated around the world, we find ourselves again at a special advantage.

The next steps in my strategic trade policy are to secure Congressional approval of the North American Free Trade Agreement and to complete the global trade negotiations, creating American jobs and expanding the pool of customers for American products.

Let me emphasize: these agreements are steps, not ends in themselves.

Our goal is to develop a strategic network of free trade agreements across the Atlantic and the Pacific and in our own hemisphere -- with Latin America; with Poland, Hungary and Czechoslovakia; and countries across the Pacific.

As these external barriers fall, I believe we can reduce internal barriers to competition as well -- in North America, Western Europe, Japan, and elsewhere. Greater competition will encourage entrepreneurial capitalism at the expense of government power and entrenched interests, spurring still greater economic growth.

Traveling around the country I have seen it happen already - particularly in our small businesses, as they reorient themselves toward exports and international competition. A couple of weeks ago, in St. Louis, I visited Public Safety Equipment, Inc., a manufacturer of sirens, light-bars and other safety devices. The president of Public Safety told me that a few years ago, they recognized the time was long past when they could sell their products in the fifty states and leave it at that. So they took on the world. Now 35 percent of what they make is sold in 66 countries.

Public Safety, and the hundreds of thousands of companies like it, offer a glimpse into the future I envision for all American business.

But a business is only as efficient, as resilient and smart, as the people who keep its books and build its products and make its strategy. Materials, machines, and methods will come and go,

but the American worker will remain the key to our economic security. That brings me to the second component of my agenda: Preparing Our Children.

The workplace of the 21st Century will be constantly changing. We must prepare the American people for a lifetime of learning, to keep a step ahead of that process of change. Developed nations need developing minds.

The burden will fall on our educational system. As in the past, education should be the ladder that children of modest means can climb to better themselves.

Our current school system is not meeting these needs. Designed for the 19th Century, it will collapse under the pressures of the 21st. And it must be said: our educational establishment is caught in the same time warp, where standing still means falling behind.

Money alone is not the answer -- the United States already spends more per pupil than any other country but Switzerland. The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.



And the catalyst for change -- the one change that drives all others -- is school choice, giving all parents the means and freedom to choose which schools will best serve their children. Competition is the principle that must underlie education reform. And competition will not work unless parents are allowed to choose their children's schools -- whether it's the public school across town or the parochial school across the street.

Wealthy families already have this choice for their children. Many people you saw at the Democratic National Convention have choice for their children. Why shouldn't you have choice for your children?

Consider one statistic: In Chicago, 47 percent of public school teachers send their children to private schools. Clearly they know something about monopoly education my opponent doesn't.

Our different approaches to education reform reveal the great divide between my opponent and me. You will see the same contrast in child care, health care, and a host of other issues. The opposition prefers uniformity to variety and choice, relying on government bureaucracies to offer "one-size-fits-all service." I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

Having prepared our children for the world of work, the question remains what kind of work they will do. The third component of my agenda for renewal is therefore: Sharpening Businesses' Competitive Edge. Our ultimate success as an economic superpower is dependent on the performance of our private businesses -- on our success in encouraging entrepreneurial capitalism.

The free market does not operate according to academic theory or abstract industrial policies. It operates on common sense. I learned my economics the way most of you did -- a lot  late nights sweating over a balance sheet, trying to meet a payroll. 

I saw that if people are allowed to keep more of what they produce, they will produce more than they can use. The remainder is called capital.

When capital is taxed lightly, it becomes abundant. When it is taxed heavily, it becomes scarce -- available only to those at the top, who need it least of all. That's not what I want.

Boothin:
→ If capital were more abundant, however, (^{the demand for} labor would ~~become~~ ^{rise} ~~more scarce~~). Wages would rise, unemployment lines would shrink. That is what I want.

That's why I want enterprise zones in our inner cities and rural areas. That's why I want to make the R & D tax credit permanent. And that's why I want to cut the capital gains tax and index it for inflation.

Those are the fundamentals. I also see three other ways to sharpen the competitive edge of American business:

-- first, strengthening small business, by cutting taxes, ensuring that credit is available, and by lifting the dead weight of government regulation;

-- second, supporting civilian R&D, by bringing the development, production and marketing of technology closer to the consumer;

-- and third, reforming our costly legal system, which mires even conscientious businesses and individuals in a swamp of frivolous lawsuits. My product liability reform and Access to Justice Act will drain the swamp.

Frankly, passage of these bills won't be easy. Trial lawyers are a powerful vested interest -- well-represented in Congress and high on the list of political contributors, as my opponent well knows. But America will never lead the world in the 21st Century until we learn to sue each other less and care for each other more.

The most competitive companies in the coming decades will be those that most involve their workers in the business at hand. Working men and women will want to know that they can enjoy both economic opportunity and security. That is the fourth component of my agenda: Promoting Economic Security.

Again, common sense shows the way: True security will come only by developing individual capability, not dependency. And that independence, in turn, comes through the private sector, not the government.

Government's role will be to ease the individual's adjustment to a fast-changing marketplace.

This means, in practice, a wider and more flexible range of job training and placement services -- for both the young and old, the blue and white-collar worker, and particularly during the present period, workers from our defense industries.

The pace of the new economy makes new job training approaches necessary: most workers will have more than one employer, often more than one career, over the course of their working lives. This fact raises concerns as well about workers' ability to preserve their pensions as they make those changes.

This summer I signed a law to increase pension portability, but there is still much to do.

Economic security requires as well a major reform of our health care system. The present system's uncontrollable costs and inaccessible coverage is the cause of great unease, even fear, throughout our economy.

My reforms, which I have outlined in detail elsewhere, addresses the roots of these problems while preserving and building on our system's strengths -- our state-of-the-art care, openness to innovation, and diversity of consumer choice. Taken together, my reforms would cut health care costs by \$394 billion.

In health care, as in so many issues this year, we stand at a crossroads. The path my opponents have chosen would place a full 13 percent of our economy under the control of the federal government -- meaning more bureaucracy, rationed care, inefficient delivery of services, and, in the end, higher costs.

Let common sense be our guide: We must enhance competition and market forces, not restrict them; we must preserve individual choice, not hand decision-making over to centralized bureaucracies; we must reduce the burden on employers and employees, not bury them in a tide of new taxes and government regulations. *red tape - or unnecessary*

Job training, retirement security, affordable health care:
When combined with a new system of education and entrepreneurial, competitive business, we can offer genuine economic security to our working men and women.

*over
how
many
years?*

The programs I've outlined are based on the principles that will empower all Americans to make their own choices and better their lives. But I believe we need to do more for some of our citizens who have been left behind. That is the sixth component of my agenda: Leaving No One Behind.

The American Dream is nothing more or less than the belief that all Americans can make a better life for their children. The dream has made us the most dynamic society in the world; and in the new century that dynamism will be essential to outpace the economic competition. We can only turn it to our full advantage if every American has a shot at making good on the dream.

I reject the shopworn logic that sees poverty as a simple lack of income -- a kind of economic shortfall that can be replaced with a government check. A conservative philosophy of empowerment must have at its foundation the creation of character, through the ownership of property and the dignity of work. That means sweeping away the nightmare of crime from our cities, building a core of property owners, creating business incentives, and making individual discipline and self-reliance the goal of all our programs. The human capital unleashed in this way will do much to drive us forward into the 21st Century.

I call the final component of my Agenda -- "Rightsizing Government."

You'll recognize that I take the term from the business world -- which has a lot to teach those of us in government. At a time when companies across the country have been restructuring,

cutting fat, increasing efficiency -- all to prepare for the economic competition of tomorrow -- the federal government faces an obligation to do the same.

Today the federal government spends nearly twenty-four cents of every dollar of the nation's income. That figure provides vivid proof of what I have often said: Government is too big and it spends too much.

A bloated federal government, serving itself seconds rather than serving the people first, will weigh us down in the economic race of a new era.

The Agenda I publish today contains specific proposals to cut the fat: caps on the growth in mandatory spending and a freeze on domestic spending; a balanced budget amendment and a line-item veto; and a new mechanism -- a check-off box on tax returns -- to give taxpayers the power to cut the deficit themselves.

The size and structure of government are relics of a different age -- artifacts more suited to the dilemmas of fifty years ago than the problems of today. An American renewal will require a streamlined government -- consolidating agencies, tightening budgets, and cutting the salaries of highly paid federal employees.

Unlike my opponent, I do not believe the American people are undertaxed. Quite the opposite: I am committed to cutting taxes across the board. Let me offer an illustration of what we could do: If Congress had acted on the \$130 billion in specific

spending cuts I have already proposed, we could cut income tax rates by one percent ^{one point} across the board; reduce the small business tax rate from 15 percent to 10 percent, and reduce the tax on capital gains. ←

That is the direction I propose we go: to tax less and spend less; and to redirect our current spending to serve the interests of all Americans.

I honestly believe that this is the way -- the only way -- to control the size of the federal government. The facts are painful but plain: For Congressmen, spending is power. And they will exercise that power until they have spent every last dime they can squeeze from the working men and women of America. It's as simple as this: Raising taxes won't cut the deficit.

Here, then, is my Agenda for American Renewal. It comes at a time unique in our history, a turning point, a moment when one era is passing away and another is being born.

I intend to fight for this Agenda, to fight as hard as I can to get as much as I can, and then I'm going to come back for more. If Congress balks, I'll move forward anyway -- just as I have done with education and welfare reform. I'll work with the governors, with state and local governments, with the private sector -- with anyone who shares the urge to renew our country.

With the close of the Cold War we can target peace, prosperity and promise at home. The American people want that. The American people deserve it.

At the same time, Americans recognize that the great events of recent years have shaken the world. If we are to succeed, as a nation and a people, if we are to hold true to all that has made America the last, best hope of man on earth, then our renewal at home must enable us to make the 21st Century yet another American Century.

My Agenda draws together our people and our government to meet this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

I want America to seize this moment. I want to stimulate entrepreneurial capitalism, not punish it; I want to empower people to make their own choices, not yoke them to new bureaucracies. I want a government that spends less and taxes less. And I will fight without hesitation for a free flow of trade and capital and ideas around the world -- because Americans compete, never retreat.

I know times have been difficult for many Americans. The world we knew as children -- no matter your age -- will never be the same. America will change -- that is our destiny; how it will change will soon be decided.

I ask, when you step into that voting booth, to please consider carefully whose agenda for change best fits America's principles, our national experience, and our hopes for lasting peace and prosperity.

DETROIT ECONOMIC CLUB
SEPTEMBER 10, 1992
DETROIT, MICHIGAN

GOOD MORNING, EVERYONE. (ACKNOWLEDGMENTS)

THIS MORNING I AM RELEASING AN AGENDA FOR AMERICAN RENEWAL. AND I'VE COME HERE TODAY TO INTRODUCE IT TO YOU AND THE NATION.

MY AGENDA DIAGNOSES THE ECONOMIC PROBLEMS OUR NATION FACES, LAYS OUT THE PRINCIPLES THAT SHOULD GUIDE US IN THE YEARS AHEAD, AND EXPLAINS THE INTEGRATED APPROACH I AM PURSUING TO MEET THE CHALLENGE.

OVER THE PAST WEEKS I HAVE BEEN DISCUSSING ELEMENTS OF MY ECONOMIC AGENDA, AND IN THE WEEKS AHEAD I WILL BE EXPANDING ON THOSE AND OTHER IDEAS. THE DOCUMENT I AM RELEASING TODAY SHOWS HOW THE PIECES FIT TOGETHER.

BUT LET'S BEGIN THIS MORNING BY STEPPING BACK, TAKING STOCK OF WHERE WE ARE AS A GREAT NATION IN THE BROADER SWEEP OF HISTORY.

THE AMERICAN PEOPLE HAVE JUST COMPLETED THE GREATEST MISSION IN THE LIFETIME OF OUR COUNTRY -- THE TRIUMPH OF DEMOCRATIC CAPITALISM OVER IMPERIAL COMMUNISM.

TODAY, THIS YEAR, FOR THE FIRST TIME SINCE DECEMBER 1941, THE UNITED STATES IS NOT ENGAGED IN A WAR, HOT OR COLD. THROUGHOUT HISTORY, AT THE CLOSE OF PROLONGED AND COSTLY WARS, VICTORS HAVE CONFRONTED THE PROBLEM OF SECURING A NEW BASIS FOR PEACE AND PROSPERITY. THE AMERICAN PEOPLE RECOGNIZE THAT WE STAND AT SUCH A WATERSHED.

WE SENSE THE EPIC CHANGES AT WORK IN THE WORLD AND THE ECONOMY, THE UNEASINESS THAT STIRS THE DEMOCRACIES WHO SERVED AS OUR PARTNERS IN THE LONG STRUGGLE.

WE FEEL THE UNEASINESS IN OUR OWN HOMES AND COMMUNITIES; AND WE SEE THE DIFFICULTIES OF THEIR NEIGHBORS AND FRIENDS WHO HAVE FELT CHANGE MOST DIRECTLY.

AND WE KNOW THAT WHILE WE FACE AN ERA OF GREAT OPPORTUNITY, WE FACE GREAT RISKS AS WELL -- IF WE FAIL TO MAKE THE RIGHT CHOICES, IF WE FAIL TO ENGAGE THIS NEW WORLD WISELY.

BUT AMERICA HAS ALWAYS POSSESSED UNIQUE POWERS, AND FOREMOST AMONG THEM IS THE POWER OF REGENERATION -- TO TRANSFORM UNCERTAINTY INTO OPPORTUNITY. ONLY IN AMERICA DO WE HAVE THE PEOPLE, THE TALENTS -- THE PRINCIPLES AND IDEALS -- TO FULLY EMBRACE THE WORLD THAT OPENS BEFORE US.

FOR AMERICA TO BE SAFE AND STRONG, WE MUST MEET THE DEFINING CHALLENGE OF THE 1990'S: TO WIN THE ECONOMIC COMPETITION -- TO WIN THE PEACE.

WE MUST BE A MILITARY SUPERPOWER, AN ECONOMIC SUPERPOWER, AND AN EXPORT SUPERPOWER.

MY AGENDA FOR RENEWAL ASKS THAT WE LOOK FORWARD -- TO OPEN NEW MARKETS, PREPARE OUR PEOPLE TO WORK, STRENGTHEN OUR FAMILIES, -- SAVE AND INVEST -- SO THAT WE CAN WIN.

OUR RENEWAL DEPENDS ON ECONOMIC GROWTH -- BUT GROWTH NOT FOR THE FEW AT THE EXPENSE OF THE MANY, NOT FOR THE PRESENT AT THE EXPENSE OF THE FUTURE.

IN OUR COUNTRY WE HAVE ALWAYS PRIZED AN ENTREPRENEURIAL CAPITALISM THAT GROWS FROM THE BOTTOM UP, NOT THE TOP DOWN; A PROSPERITY THAT BEGINS ON MAIN STREET AND EXTENDS TO WALL STREET -- NOT THE OTHER WAY AROUND.

THAT'S THE LESSON I LEARNED AS A YOUNG MAN WHO PACKED UP A STUDEBAKER AND MOVED TO TEXAS AFTER ANOTHER WAR, AT THE START OF ANOTHER ERA. I SAW JOBS, PROSPERITY -- AN ENTIRE FUTURE -- BUILT WITH THE HANDS OF ORDINARY MEN AND WOMEN WITH EXTRAORDINARY DREAMS.

OUR NATION HAS NEVER BEEN SEDUCED BY THE MIRAGE MY OPPONENT OFFERS -- OF A GOVERNMENT THAT ACCUMULATES CAPITAL BY TAXING IT AND BORROWING IT FROM THE PEOPLE - - AND THEN REDISTRIBUTING IT ACCORDING TO SOME INDUSTRIAL POLICY. WE KNOW THAT THE CLUMSY HAND OF GOVERNMENT IS NO MATCH FOR THE UPLIFTING HAND OF THE MARKETPLACE.

MY INTERNATIONAL ECONOMIC AND TRADE STRATEGY WILL GUARANTEE OUR POSITION AS AN EXPORT SUPERPOWER, EXTENDING OUR GLOBAL ECONOMIC REACH IN TANDEM WITH OUR SECURITY PRESENCE -- TO STRETCH BEYOND OUR BORDERS SO THAT WE CAN CREATE MORE JOBS WITHIN THEM.

AT THE SAME TIME, WE NEED TO FOSTER AT HOME THE CAPABILITIES THAT WILL KEEP US IN THE LEAD: RADICAL CHANGES IN OUR EDUCATION SYSTEM TO PREPARE OUR CHILDREN FOR A CONSTANTLY CHANGING WORKPLACE; INCENTIVES FOR ENTREPRENEURS AND NEW TECHNOLOGIES TO SHARPEN OUR COMPETITIVE EDGE; JOB TRAINING AND HEALTH CARE REFORM TO PROMOTE THE ECONOMIC SECURITY OF OUR WORKING MEN AND WOMEN; AND NEW APPROACHES FOR REACHING OUT TO THOSE WHO HAVE BEEN LEFT BEHIND, SINCE IN THE CENTURY AHEAD WE WILL NEED THE ASPIRATIONS AND ENERGY OF EVERY AMERICAN.

AND FINALLY, BECAUSE OUR GREATEST STRENGTHS FLOW NOT FROM GOVERNMENT BUT FROM THE PERSONAL INITIATIVE AND ENERGY OF FREE MEN AND WOMEN, MY AGENDA AIMS TO CHECK THE GROWTH OF GOVERNMENT, AND, IN SOME IMPORTANT WAYS, TO REVERSE IT.

TOGETHER, THE COMPONENTS OF THIS AGENDA SHOULD RENEW AMERICA ACCORDING TO HER MOST CHERISHED PRINCIPLES.

AND THIS RENEWED AMERICA WILL BE EMPOWERED TOWARD A GRAND GOAL: TO NEARLY DOUBLE THE SIZE OF OUR ECONOMY, TO \$10 TRILLION, BY THE EARLY YEARS OF THE NEXT CENTURY.

TO PLACE MY AGENDA IN A LARGER CONTEXT, LET ME TURN BRIEFLY TO FIVE PROFOUND CHANGES NOW AT WORK IN OUR ECONOMY. WHEN AMERICANS GATHER AROUND THE KITCHEN TABLE AT NIGHT, AND TALK ABOUT HOW THEY'LL MEET A MORTGAGE, OR PAY THE DOCTOR'S BILL, THEY'RE FEELING THESE CHANGES IN THEIR LIVES. AND BEFORE THE CHANGES HAVE RUN THEIR COURSE, THEY WILL HAVE FOREVER ALTERED THE WAY AMERICANS BUY AND SELL, WORK AND CREATE.

THE FIRST GREAT CHANGE IN OUR ECONOMY IS IRONICALLY CAUSED BY OUR VERY SUCCESS IN ENDING THE COLD WAR. IN THE SHORT RUN, REDUCTIONS IN DEFENSE SPENDING HAVE MEANT PAINFUL LAY-OFFS IN MANY INDUSTRIES, AND WE ARE TAKING STEPS TO EASE THIS TRANSITION. BUT IN THE MEDIUM AND LONG RUN, REDUCTIONS IN DEFENSE SPENDING WILL FREE UP PRICELESS SKILLS AND TECHNOLOGIES FOR PEACETIME GROWTH.

SECOND, MOST OF OUR INDUSTRIES ARE TRANSFORMING THEMSELVES FROM OLD-STYLE HIERARCHIES INTO FLATTER ORGANIZATIONS, WITH FEWER LAYERS BETWEEN CUSTOMER AND EXECUTIVE. THE NEW ORGANIZATIONS EMPHASIZE A SKILLS-BASED WORKFORCE, "LEAN PRODUCTION," AND SHORTER PRODUCT CYCLES. FROM CASTINGS TO COMPUTERS, THIS IS A REVOLUTION AS DRAMATIC AS THE ONE MADE EARLIER THIS CENTURY, WHEN HENRY FORD LED THE COUNTRY FROM CRAFT-BASED PRODUCTION TO MASS MANUFACTURING.

WHILE THESE CHANGES ARE ESSENTIAL TO MAINTAINING OUR COMPETITIVE EDGE, THEY'VE COME WITH A COST -- LAY-OFFS AND CUTBACKS AMONG BOTH WHITE- AND BLUE-COLLAR WORKERS. THESE HARD-WORKING PEOPLE NEED REASSURANCE - - NOT ONLY ABOUT THEIR ECONOMIC SECURITY, BUT ABOUT PRESERVING THE SENSE OF SELF-WORTH THAT ONLY WORK CAN PROVIDE.

THE THIRD CHANGE: WHILE THE 1980'S BROUGHT US THE GREATEST PEACETIME EXPANSION IN OUR HISTORY, THE BOOM ALSO LED TOO MANY OF US TO TAKE ON TOO MUCH DEBT.

WE HAVE BEEN PAYING DOWN THAT DEBT -- AND LOWER INTEREST RATES HAVE HELPED US DO IT. THE PROCESS IS LARGELY OVER, BUT CONSUMERS AND COMPANIES REMAIN CAUTIOUS.

THE FOURTH CHANGE INVOLVES OUR FINANCIAL SYSTEM.

WE ENTERED THE '80'S WITH A 50-YEAR-OLD BANKING SYSTEM, DESIGNED FOR THE DAYS WHEN TELLERS WORE GREEN EYE-SHADES, NOT FOR AN ERA WHEN BILLIONS OF INVESTMENT DOLLARS CAN CROSS BORDERS AT THE SPEED OF LIGHT.

IN THE LATE '70'S, RECORD INTEREST AND INFLATION RATES ROCKED THIS ANACHRONISTIC SYSTEM. THE LESS EFFICIENT INSTITUTIONS COULD NOT SURVIVE, OBLIGATING THE FEDERAL GOVERNMENT TO PROTECT THE SAVINGS OF MILLIONS OF AMERICANS.

THIS PROCESS, TOO, IS NEARING ITS END. OUR FINANCIAL SYSTEM WILL BECOME MORE FLEXIBLE AND EFFICIENT. BUT FOR NOW, LENDERS ARE CAUTIOUS AND, DESPITE LOW INTEREST RATES, SMALL BUSINESSES STILL FIND CREDIT HARD TO COME BY.

THE MOST FAR-REACHING OF THESE FIVE CHANGES IS THE EMERGENCE OF A GLOBAL ECONOMY. NO NATION IS AN ISLAND TODAY. ONE OUT OF EVERY SIX MANUFACTURING JOBS IS DIRECTLY TIED TO EXPORTS. THE CROPS SOWN FROM ONE OUT OF EVERY THREE ACRES OF FARMLAND ARE SOLD ABROAD.

CONSIDER SOME IMPLICATIONS OF THE GLOBAL ECONOMY: WHEN GROWTH SLOWS ABROAD, AS IT HAS RECENTLY, OUR OWN GROWTH SLOWS AS WELL. AND AMERICA WILL ONLY GROW IN THE NEXT CENTURY IF WE CAN COMPETE GLOBALLY -- IN EVERY PART OF THE WORLD. FINALLY, WE MUST SEIZE EVERY OPPORTUNITY TO OPEN NEW MARKETS, PARTICULARLY THOSE WITH THE GREATEST POTENTIAL FOR EXPANSION.

NOW, IN DRAFTING AN AGENDA FOR AMERICA'S FUTURE, WE HAD TO ASSESS OUR STRENGTHS AS WELL AS OUR WEAKNESSES. CONVENIENTLY, THE OTHER SIDE HAS DISCOVERED MANY WEAKNESSES, VERY FEW STRENGTHS. OF COURSE, THEY MIGHT FIND TEMPORARY POLITICAL GAIN IN PORTRAYING AN AMERICA PAST HER PRIME AND OVER THE HILL. BUT THEY HAVE NO MORE RIGHT TO ARGUE, FOR PARTISAN PURPOSES, THAT OUR ECONOMY IS WEAKER THAN IT IS, THAN I HAVE TO UNDERSTATE OUR PROBLEMS.

OUR STRENGTHS ARE REAL. THE MISERY INDEX -- THE SUM OF INFLATION AND UNEMPLOYMENT -- IS 10.8 PERCENT TODAY, DOWN FROM 19.6 PERCENT IN 1980.

INFLATION STANDS AT ABOUT THREE PERCENT.

INTEREST RATES ARE AT A TWENTY YEAR LOW.

THE PURCHASING POWER OF AMERICANS GIVES US THE HIGHEST STANDARD OF LIVING IN THE WORLD.

WE ENJOY THE HIGHEST HOME OWNERSHIP RATE OF ALL MAJOR INDUSTRIALIZED COUNTRIES.

WE SEND 68 PERCENT OF OUR CHILDREN ON TO HIGHER EDUCATION

-- MORE THAN ANY OTHER COUNTRY -- AND WELL ABOVE GERMANY'S 32 PERCENT AND JAPAN'S 30 PERCENT.

AND WITH 5 PERCENT OF THE WORLD'S POPULATION, WE PRODUCE 25 PERCENT OF THE WORLD'S TOTAL OUTPUT -- AND 37 PERCENT OF ITS HIGH-TECH PRODUCTS.

I DO NOT MEAN TO SUGGEST THAT ALL IS WELL -- THAT WE DO NOT NEED TO LEAD AND MANAGE THE CHANGES TRANSFORMING OUR ECONOMY. BUT YOU CAN'T CHART THE STARS IF YOU THINK THE SKY IS FALLING. OVER THE PAST 12 YEARS WE HAVE ALMOST DOUBLED THE SIZE OF OUR ECONOMY. IT'S AS IF WE CREATED TWO EXTRA ECONOMIES THE SIZE OF GERMANY'S FROM SCRATCH.

HOW WILL WE MEET OUR GOALS? BEFORE YOU HEAR THE SPECIFICS OF MY AGENDA, LET ME TELL YOU A LITTLE BIT ABOUT WHAT I BELIEVE -- BECAUSE CHANGE, IF IT IS TO BE A FORCE FOR GOOD, MUST BE GUIDED BY PRINCIPLES. AND THE PRINCIPLES THAT MUST GUIDE CHANGE ARE THE PRINCIPLES THAT NEVER CHANGE.

I BELIEVE WE ARE A NATION OF SPECIAL INDIVIDUALS,
NOT SPECIAL INTERESTS.

INDIVIDUALS DRAW THEIR ENDURING STRENGTH FROM THEIR FAMILIES, FROM THEIR NEIGHBORS AND COMMUNITIES, NOT FROM THE GOVERNMENT. SO I BELIEVE WE MUST NEVER ASK GOVERNMENT TO DO WHAT FAMILIES AND NEIGHBORS AND INDIVIDUALS CAN BETTER DO FOR THEMSELVES -- AND FOR ONE ANOTHER.

I BELIEVE -- BECAUSE I'VE SEEN IT -- ECONOMIC GROWTH COMES FROM THE SMALL BUSINESSWOMAN WHO TAKES A RISK ON A NEW PRODUCT, FROM THE COMPUTER HACKER WORKING IN A CLUTTERED GARAGE, FROM THE MERIT SCHOLAR IN SOUTH CENTRAL L.A. WITH A FUTURE AS BIG AS HIS DREAMS.

AND I BELIEVE GOVERNMENT OWES IT TO THEM, AND TO YOU, TO KEEP TAX RATES LOW AND MAKE THEM LOWER; TO KEEP MONEY SOUND; TO LIMIT ITS OWN SPENDING AND REGULATIONS; AND TO OPEN THE WAY FOR GREATER COMPETITION, AND FREER TRADE.

BUT I DO NOT BELIEVE, AS SOME MIGHT, THAT GOVERNMENT'S OBLIGATION ENDS THERE. AS A CONSERVATIVE I BELIEVE THAT GOVERNMENT CAN HELP PEOPLE -- OFFER THEM HOPE AND OPPORTUNITY -- BY GIVING THEM THE MEANS AND THE CONFIDENCE TO MAKE THE DECISIONS THAT MATTER IN LIFE.

MY BACKGROUND HAS ALSO PREPARED ME FOR THE TASK OF BRINGING OUR FOREIGN POLICIES AND OUR DOMESTIC POLICIES TOGETHER; TO TURN OUR STRENGTH AS A WORLD POWER TO OUR ADVANTAGE AS AN ECONOMIC POWER; TO MATCH THE SECURITY WE FEEL MILITARILY WITH THE ECONOMIC SECURITY WE MUST BUILD AT HOME.

MY AGENDA FOR AMERICAN RENEWAL CALLS FOR ACTION ON SIX INTERCONNECTED FRONTS. THERE IS NO SINGLE CAUSE OF OUR PRESENT SITUATION. THERE CAN BE NO SINGLE CURE. THE WHOLE OF OUR AGENDA WILL BE GREATER THAN THE SUM OF ITS PARTS.

FIRST, CHALLENGING THE WORLD. DURING THE COLD WAR, WE BUILT A GLOBAL SECURITY STRUCTURE WITH MILITARY ALLIANCES ACROSS THE ATLANTIC AND PACIFIC. IN THE SAME WAY, THE POST-COLD WAR ERA REQUIRES A STRATEGIC ECONOMIC AND TRADE POLICY -- GLOBAL IN SCOPE, AND BUILT ON OUR FOUNDATION AS AN ECONOMIC AND EXPORT SUPERPOWER.

WE ARE UNIQUELY POSITIONED TO ACHIEVE THIS GOAL.
AS THE LARGEST FULLY INTEGRATED MARKET IN THE WORLD,
WE WIELD LEVERAGE WITH OTHER COUNTRIES THAT WANT ACCESS
TO OUR MARKET.

AS BOTH A PACIFIC AND A EUROPEAN POWER, WE ARE TIED
TO THE LARGEST AND MOST RAPIDLY GROWING ECONOMIES
ACROSS BOTH OCEANS.

AND AS THE STRONGEST NATION IN OUR HEMISPHERE, WE
ARE LOOKED TO FOR LEADERSHIP BY FREE ECONOMIES EMERGING
FROM CHILE TO MEXICO.

THE SAME HOLDS TRUE FOR THE NEWLY BORN ECONOMIES OF
EASTERN EUROPE AND THE FORMER SOVIET UNION, WHERE OUR
VALUES, OUR PRODUCTS, EVEN OUR LANGUAGE, CARRY A UNIQUE
APPEAL. IN MOSCOW THESE DAYS, THE LINES AT MCDONALDS
ARE LONGER THAN THE LINES AT LENIN'S TOMB.

THE KEY TO AMERICA'S GROWTH, EXPANSION, AND INNOVATION HAS ALWAYS BEEN OUR OPENNESS TO TRADE, INVESTMENT, IDEAS, AND PEOPLE. AS THIS OPENNESS IS AT LAST BEING RECIPROCATED AROUND THE WORLD, WE FIND OURSELVES AGAIN AT A SPECIAL ADVANTAGE.

THE NEXT STEPS IN MY STRATEGIC TRADE POLICY ARE TO SECURE CONGRESSIONAL APPROVAL OF THE NORTH AMERICAN FREE TRADE AGREEMENT AND TO COMPLETE THE GLOBAL TRADE NEGOTIATIONS, CREATING HIGH-WAGE AMERICAN JOBS AND EXPANDING THE POOL OF CUSTOMERS HUNGRY FOR THE FRUITS OF AMERICAN LABOR.

LET ME EMPHASIZE: THESE AGREEMENTS ARE STEPS, NOT ENDS IN THEMSELVES.

SO I WANT TO ANNOUNCE TODAY THAT IT'S MY GOAL TO DEVELOP A STRATEGIC NETWORK OF FREE TRADE AGREEMENTS -
- WITH LATIN AMERICA; WITH POLAND, HUNGARY AND CZECHOSLOVAKIA; AND WITH COUNTRIES ACROSS THE PACIFIC.

AND THEN, AS THESE EXTERNAL BARRIERS FALL, I BELIEVE WE CAN HELP REDUCE INTERNAL BARRIERS TO COMPETITION AS WELL -- IN NORTH AMERICA, WESTERN EUROPE, JAPAN, AND ELSEWHERE. GREATER COMPETITION WILL ENCOURAGE ENTREPRENEURIAL CAPITALISM AT THE EXPENSE OF GOVERNMENT POWER AND ENTRENCHED INTERESTS, SPURRING UNPRECEDENTED ECONOMIC GROWTH.

TRAVELING AROUND THE COUNTRY I HAVE SEEN IT HAPPEN ALREADY -- PARTICULARLY IN SMALL BUSINESSES, AS THEY STRENGTHEN THEMSELVES FOR INTERNATIONAL COMPETITION. A COUPLE OF WEEKS AGO, IN ST. LOUIS, I VISITED PUBLIC SAFETY EQUIPMENT, A MANUFACTURER OF THE LIGHT-BARS YOU'VE SEEN ON POLICE CARS. THE PRESIDENT OF PUBLIC SAFETY TOLD ME THAT A FEW YEARS AGO, THEY RECOGNIZED THEY COULD NO LONGER JUST SELL THEIR PRODUCTS IN FIFTY STATES AND LEAVE IT AT THAT. SO THEY TOOK ON THE WORLD. NOW 35 PERCENT OF WHAT THEY MAKE IS SOLD IN 48 COUNTRIES, CREATING GOOD JOBS RIGHT HERE.

PUBLIC SAFETY, AND THE HUNDREDS OF THOUSANDS OF COMPANIES LIKE IT, OFFER A GLIMPSE INTO THE FUTURE I SEE FOR ALL AMERICAN BUSINESS.

BUT A BUSINESS IS ONLY AS EFFICIENT, AS RESILIENT AND INNOVATIVE, AS THE PEOPLE WHO KEEP ITS BOOKS AND BUILD ITS PRODUCTS AND DEVISE ITS STRATEGY. MATERIALS, MACHINES, AND METHODS WILL COME AND GO, BUT THE AMERICAN WORKER WILL REMAIN THE KEY TO OUR ECONOMIC SECURITY. THAT BRINGS ME TO THE SECOND PART OF MY AGENDA: PREPARING OUR CHILDREN.

THE WORKPLACE OF THE 21ST CENTURY WILL BE CONSTANTLY CHANGING. WE MUST PREPARE THE AMERICAN PEOPLE FOR A LIFETIME OF LEARNING, TO KEEP A STEP AHEAD OF THAT PROCESS OF CHANGE. DEVELOPED NATIONS NEED DEVELOPING MINDS.

THE BURDEN WILL FALL ON OUR EDUCATIONAL SYSTEM. AS IN THE PAST, EDUCATION SHOULD BE THE LADDER THAT CHILDREN OF MODEST MEANS CAN CLIMB TO BETTER THEMSELVES.

OUR CURRENT SCHOOL SYSTEM IS NOT UP TO THE TASK. DESIGNED FOR THE 19TH CENTURY, IT WILL COLLAPSE UNDER THE WEIGHT OF THE 21ST. AND OUR EDUCATIONAL ESTABLISHMENT IS CAUGHT IN THE SAME TIME WARP, WHERE STANDING STILL MEANS FALLING BEHIND.

MONEY ALONE IS NOT THE ANSWER -- THE UNITED STATES ALREADY SPENDS MORE PER PUPIL THAN ANY OTHER COUNTRY BUT SWITZERLAND. THE ANSWER IS A RADICAL OVERHAUL OF THE SYSTEM ITSELF. IF WE WANT TO CHANGE OUR COUNTRY, WE'VE GOT TO CHANGE OUR SCHOOLS.

AND THE CATALYST FOR CHANGE -- THE ONE REFORM THAT DRIVES ALL OTHERS -- IS SCHOOL CHOICE, GIVING CHILDREN SCHOLARSHIPS SO THAT ALL PARENTS HAVE THE FREEDOM TO CHOOSE WHICH SCHOOLS WILL BEST SERVE THEIR CHILDREN. COMPETITION IS THE PRINCIPLE THAT MUST UNDERLIE EDUCATION REFORM, TO BREAK THE ESTABLISHMENT'S MONOPOLY ON THE SYSTEM. AND COMPETITION WILL NOT WORK UNLESS PARENTS ARE ALLOWED TO CHOOSE THEIR CHILDREN'S SCHOOLS -- WHETHER IT'S THE PUBLIC SCHOOL ACROSS TOWN OR THE PAROCHIAL SCHOOL ACROSS THE STREET.

CONSIDER ONE STATISTIC: IN CHICAGO, 46 PERCENT OF PUBLIC SCHOOL TEACHERS SEND THEIR CHILDREN TO PRIVATE SCHOOLS. CLEARLY THEY KNOW SOMETHING ABOUT MONOPOLY EDUCATION MY OPPONENT DOESN'T.

OUR DIFFERENT APPROACHES TO EDUCATION REFORM REVEAL THE GRAND CANYON THAT DIVIDES ME AND MY OPPONENT. YOU SEE THE SAME CONTRAST IN CHILD CARE, HEALTH CARE, AND A HOST OF OTHER ISSUES. MY OPPONENT PREFERS UNIFORMITY TO VARIETY AND CHOICE, RELYING ON GOVERNMENT BUREAUCRACIES TO OFFER "ONE-SIZE-FITS-ALL SERVICE." I DON'T WANT TO PULL EVERYONE DOWN TO MAKE THEM EQUAL. I WANT TO GIVE EVERYONE THE TOOLS TO CLIMB AS HIGH AS THEY CAN DREAM.

EVEN AS WE FIX OUR SCHOOLS, THE QUESTION REMAINS: WILL THERE BE GOOD JOBS FOR OUR KIDS? THAT'S THE THIRD PART OF MY AGENDA: SHARPENING BUSINESSES' COMPETITIVE EDGE.

I LEARNED MY ECONOMICS THE WAY MOST OF YOU DID -- A LOT OF LATE NIGHTS SWEATING OVER A BALANCE SHEET, TRYING TO MEET A PAYROLL.

I SAW THAT IF PEOPLE ARE ALLOWED TO KEEP MORE OF WHAT THEY PRODUCE, THEY WILL PRODUCE MORE. IT'S COMMON SENSE.

WHEN CAPITAL IS TAXED LIGHTLY, THERE'S MORE OF IT. WHEN IT IS TAXED HEAVILY, IT BECOMES SCARCE -- AVAILABLE ONLY TO THOSE WHO ARE ALREADY WEALTHY, WHO NEED IT LEAST OF ALL. THAT'S NOT THE KIND OF ECONOMY I WANT.

IF CAPITAL WERE MORE ABUNDANT, LABOR WOULD BE MORE IN DEMAND, WAGES WOULD RISE, UNEMPLOYMENT LINES WOULD SHRINK. THAT IS THE KIND OF ECONOMY I WANT.

THAT'S WHY I WANT ENTERPRISE ZONES IN OUR INNER CITIES AND RURAL AREAS. THAT'S WHY I WANT TO MAKE THE R & D TAX CREDIT PERMANENT. AND THAT'S WHY I WANT TO CUT THE CAPITAL GAINS TAX AND INDEX IT FOR INFLATION.

THOSE ARE THE FUNDAMENTALS. I ALSO SEE THREE OTHER WAYS TO SHARPEN THE COMPETITIVE EDGE OF AMERICAN BUSINESS:

-- FIRST, STRENGTHENING SMALL BUSINESS, BY CUTTING TAXES, ENSURING THAT CREDIT IS AVAILABLE, AND BY LIFTING THE DEADWEIGHT OF GOVERNMENT REGULATION;

-- SECOND, SUPPORTING CIVILIAN R&D, BY BRINGING THE DEVELOPMENT, PRODUCTION AND MARKETING OF TECHNOLOGY CLOSER TO THE CONSUMER;

-- AND THIRD, REFORMING OUR LEGAL SYSTEM. EVERY YEAR AMERICAN BUSINESS AND CONSUMERS SPEND UP TO \$200 BILLION JUST IN DIRECT COSTS TO LAWYERS -- FAR MORE THAN OUR COMPETITORS IN JAPAN AND EUROPE. MY PRODUCT LIABILITY REFORM AND ACCESS TO JUSTICE ACT WILL RESTORE RATIONALITY TO THE SYSTEM AND STOP UNDERMINING THE AMERICAN WORKER.

AMERICA WILL NEVER LEAD THE WORLD IN THE 21ST CENTURY UNTIL WE LEARN TO SUE EACH OTHER LESS AND CARE FOR EACH OTHER MORE.

THE FOURTH PART OF MY AGENDA: PROMOTING ECONOMIC SECURITY -- FOR WORKING MEN AND WOMEN.

AGAIN, COMMON SENSE SHOWS THE WAY: TRUE SECURITY WILL COME ONLY BY DEVELOPING INDIVIDUAL CAPABILITY, NOT DEPENDENCY. AND THAT INDEPENDENCE, IN TURN, COMES THROUGH THE PRIVATE SECTOR, NOT THE GOVERNMENT.

GOVERNMENT'S ROLE WILL BE TO EASE THE INDIVIDUAL'S ADJUSTMENT TO A FAST-CHANGING MARKETPLACE. THE AVERAGE WORKER TODAY WILL CHANGE JOBS 10 TIMES OVER THE COURSE OF HIS OR HER WORKING LIFE.

SO WE NEED A WIDER AND MORE FLEXIBLE RANGE OF JOB TRAINING AND PLACEMENT SERVICES -- FOR BOTH THE YOUNG AND OLD, THE BLUE AND WHITE-COLLAR WORKER, AND NOW ESPECIALLY FOR WORKERS FROM OUR DEFENSE INDUSTRIES.

PENSIONS MUST BE PORTABLE -- AND HEALTH CARE MUST BE AFFORDABLE. OUR HEALTH CARE SYSTEM TODAY PROVIDES THE BEST CARE, BUT AT AN UNACCEPTABLE PRICE. MORE THAN THIRTY MILLION AMERICANS HAVE NO HEALTH INSURANCE. HEALTH CARE COSTS ARE THE FASTEST-RISING PART OF THE BUDGET FOR GOVERNMENT, BUSINESSES, AND FAMILIES.

MY REFORMS GET TO THE ROOT OF THESE PROBLEMS WHILE PRESERVING AND BUILDING ON OUR SYSTEM'S STRENGTHS -- OUR STATE-OF-THE-ART CARE, OPENNESS TO INNOVATION, AND CONSUMER CHOICE. TAKEN TOGETHER, THEY WOULD CUT HEALTH CARE COSTS BY \$394 BILLION OVER FIVE YEARS.

MY OPPONENTS' PLAN WOULD EVENTUALLY PLACE A FULL 13 PERCENT OF OUR ECONOMY UNDER THE CONTROL OF THE FEDERAL GOVERNMENT -- MEANING MORE BUREAUCRACY, RATIONED CARE, INEFFICIENT SERVICE, AND, IN THE END, HIGHER COSTS.

LET COMMON SENSE BE OUR GUIDE: WE MUST ENHANCE COMPETITION AND MARKET FORCES, NOT RESTRICT THEM; WE MUST PRESERVE INDIVIDUAL CHOICE, NOT HAND DECISION-MAKING OVER TO CENTRALIZED BUREAUCRACIES; WE MUST REDUCE THE BURDEN ON EMPLOYERS AND EMPLOYEES, NOT BURY THEM IN A TIDE OF NEW TAXES AND GOVERNMENT REGULATIONS.

JOB TRAINING, RETIREMENT SECURITY, AFFORDABLE HEALTH CARE: COMBINING THESE WITH A NEW SYSTEM OF EDUCATION AND CUTTING-EDGE, ENTREPRENEURIAL BUSINESS, WE CAN OFFER GENUINE ECONOMIC SECURITY TO OUR WORKING MEN AND WOMEN.

THE PROGRAMS I'VE OUTLINED ARE BASED ON THE PRINCIPLES THAT WILL EMPOWER ALL AMERICANS TO MAKE THEIR OWN CHOICES AND BETTER THEIR LIVES. BUT I BELIEVE WE NEED TO DO MORE FOR SOME OF OUR CITIZENS WHO HAVE BEEN LEFT BEHIND. THAT IS THE FIFTH COMPONENT OF MY AGENDA: LEAVING NO ONE BEHIND.

THE AMERICAN DREAM IS NOTHING MORE OR LESS THAN THE BELIEF THAT ALL AMERICANS CAN MAKE A BETTER LIFE FOR THEIR CHILDREN. THE DREAM HAS MADE US THE MOST DYNAMIC SOCIETY IN THE WORLD; IT'S YET ANOTHER STRENGTH WE CAN DRAW UPON FOR THE CHALLENGE AHEAD. SO WE MUST GIVE EVERY AMERICAN A SHOT AT MAKING GOOD ON THE DREAM.

I REJECT THE SHOPWORN LOGIC THAT SEES POVERTY AS A SIMPLE LACK OF INCOME -- A KIND OF ECONOMIC SHORTFALL THAT CAN BE REPLACED WITH A GOVERNMENT CHECK. A CONSERVATIVE PHILOSOPHY OF EMPOWERMENT MUST HAVE AT ITS FOUNDATION THE CREATION OF CHARACTER, THROUGH THE OWNERSHIP OF PROPERTY AND THE DIGNITY OF WORK. THAT MEANS SWEEPING AWAY THE NIGHTMARE OF CRIME FROM OUR CITIES, BUILDING A CORE OF PROPERTY OWNERS, CREATING BUSINESS INCENTIVES, AND MAKING INDIVIDUAL DISCIPLINE AND SELF-RELIANCE THE GOAL OF ALL OUR PROGRAMS. THE HUMAN CAPITAL UNLEASHED IN THIS WAY WILL DRIVE US FORWARD INTO THE 21ST CENTURY.

I CALL THE FINAL COMPONENT OF MY AGENDA --
"RIGHTSIZING GOVERNMENT."

YOU'LL RECOGNIZE THAT I TAKE THE TERM FROM THE
BUSINESS WORLD -- WHICH HAS A LOT TO TEACH THOSE OF US
IN GOVERNMENT. AT A TIME WHEN COMPANIES ACROSS THE
COUNTRY HAVE BEEN RESTRUCTURING, CUTTING FAT,
INCREASING EFFICIENCY -- ALL TO PREPARE FOR THE
ECONOMIC COMPETITION OF TOMORROW -- THE FEDERAL
GOVERNMENT FACES AN OBLIGATION TO DO THE SAME.

TODAY THE FEDERAL GOVERNMENT SPENDS NEARLY TWENTY-
FOUR CENTS OF EVERY DOLLAR OF THE NATION'S INCOME.
THAT'S THE FACT: GOVERNMENT IS TOO BIG AND IT SPENDS
TOO MUCH.

THE SIZE AND STRUCTURE OF GOVERNMENT ARE RELICS OF A DIFFERENT AGE -- ARTIFACTS MORE SUITED TO THE DILEMMAS OF FIFTY YEARS AGO THAN THE PROBLEMS OF TODAY. EVERY INSTITUTION IN OUR SOCIETY HAS LEARNED THAT BY PUSHING POWER DOWN THROUGH ORGANIZATIONS, BY USING TECHNOLOGY TO SPEED THE FLOW OF INFORMATION, YOU DON'T JUST SAVE MONEY, YOU IMPROVE PRODUCTIVITY. IT'S TIME FOR GOVERNMENT TO DO THE SAME.

I WILL STREAMLINE GOVERNMENT -- CONSOLIDATING AGENCIES, TIGHTENING BUDGETS, AND CUTTING THE SALARIES OF HIGHLY PAID FEDERAL EMPLOYEES. AND I'LL START BY CUTTING THE WHITE HOUSE BUDGET 33 PERCENT IF CONGRESS CUTS ITS OWN BUDGET BY THE SAME AMOUNT. AND I'LL CUT THE SALARIES OF ALL FEDERAL EMPLOYEES EARNING MORE THAN \$75,000 BY 5 PERCENT. TAXPAYERS HAVE TIGHTENED THEIR BELTS. THE BETTER-PAID FEDERAL WORKERS SHOULD DO THE SAME.

THE AGENDA I PUBLISH TODAY CONTAINS SPECIFIC PROPOSALS TO CUT THE FAT: A CAP ON THE GROWTH IN MANDATORY SPENDING -- WITHOUT TOUCHING SOCIAL SECURITY -- AND A FREEZE ON DOMESTIC SPENDING; A BALANCED BUDGET AMENDMENT AND A LINE-ITEM VETO; AND A NEW MECHANISM -- A CHECK-OFF BOX ON TAX RETURNS -- TO GIVE TAXPAYERS THE POWER TO CUT THE DEFICIT THEMSELVES. I WILL FIGHT TO REDUCE SPENDING AND INCREASE GROWTH SO WE CAN BALANCE THE BUDGET.

UNLIKE MY OPPONENT, I DO NOT BELIEVE THE AMERICAN PEOPLE ARE UNDERTAXED. QUITE THE OPPOSITE: I AM COMMITTED TO CUTTING TAXES ACROSS THE BOARD. LET ME OFFER AN ILLUSTRATION OF WHAT WE COULD DO: MY CAP ON THE GROWTH OF MANDATORY SPENDING ALLOWS FOR POPULATION GROWTH AND INFLATION, AND EXEMPTS SOCIAL SECURITY. BUT THAT CAP ALONE WOULD SAVE ABOUT \$300 BILLION OVER FIVE YEARS. IF WE USED JUST THE \$130 BILLION IN SPECIFIC SPENDING CUTS I HAVE ALREADY PROPOSED, WE COULD CUT INCOME TAX RATES ONE PERCENTAGE POINT ACROSS THE BOARD; REDUCE THE SMALL BUSINESS TAX RATE FROM 15 PERCENT TO 10 PERCENT, AND REDUCE THE TAX ON CAPITAL GAINS.

THAT IS THE DIRECTION I WANT TO GO: TO TAX LESS, SPEND LESS, CUT THE DEFICIT, AND REDIRECT OUR CURRENT SPENDING TO SERVE THE INTERESTS OF ALL AMERICANS.

I HONESTLY BELIEVE THAT THIS IS THE WAY -- THE ONLY WAY -- TO CONTROL THE SIZE OF THE FEDERAL GOVERNMENT. THE FACTS ARE PAINFUL BUT PLAIN: FOR CONGRESSMEN, SPENDING IS POWER. AND THEY WILL EXERCISE THAT POWER UNTIL THEY HAVE SPENT EVERY LAST DIME THEY CAN SQUEEZE FROM THE WORKING MEN AND WOMEN OF AMERICA. IT'S AS SIMPLE AS THIS: RAISING TAXES WON'T CUT THE DEFICIT.

HERE, THEN, IS MY AGENDA FOR AMERICAN RENEWAL. IT COMES AT A TIME UNIQUE IN OUR HISTORY, A TURNING POINT, A MOMENT WHEN ONE ERA IS PASSING AWAY AND ANOTHER IS BEING BORN.

IN THE AGENDA PUBLISHED TODAY, YOU'LL FIND 13 PROPOSALS THAT I INTEND TO ACHIEVE IN THE FIRST YEAR OF MY SECOND TERM. I PRESENT THEM AS A SINGLE PROGRAM, A UNIFIED STRATEGY TO MAKE CHANGE WORK FOR AMERICA.

OVER THE LAST THREE YEARS I'VE SHOWN HOW AMERICA CAN CHANGE THE WORLD; AND WE'VE MADE A RESPECTABLE START MANAGING THE CHANGE AT HOME. OUR PRIMARY TASK NOW IS TO TARGET AMERICA.

I INTEND TO FIGHT FOR THIS AGENDA, TO FIGHT AS HARD AS I CAN TO GET AS MUCH AS I CAN, AND THEN I'M GOING TO COME BACK FOR MORE. IF CONGRESS BALKS, I'LL MOVE FORWARD ANYWAY -- JUST AS I HAVE DONE WITH EDUCATION, REGULATORY AND WELFARE REFORM. I'LL WORK WITH THE GOVERNORS, WITH STATE AND LOCAL GOVERNMENTS, WITH THE PRIVATE SECTOR -- WITH ANYONE WHO SHARES THE URGE TO RENEW OUR COUNTRY.

THE AMERICAN PEOPLE KNOW THAT THE EVENTS OF RECENT YEARS HAVE SHAKEN THE WORLD. WITH THE CLOSE OF THE COLD WAR WE CAN ACHIEVE PEACE, PROSPERITY AND PROMISE AT HOME. THE AMERICAN PEOPLE WANT THAT. THE AMERICAN PEOPLE DESERVE THAT.

MY AGENDA DRAWS TOGETHER OUR PEOPLE AND OUR GOVERNMENT TO MEET THIS CHALLENGE. WE WILL CREATE A \$10 TRILLION ECONOMY. WE WILL RENEW AMERICA. WE WILL WIN THE PEACE.

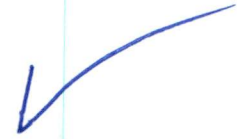
I WANT AMERICA TO SEIZE THIS MOMENT. I WANT TO STIMULATE ENTREPRENEURIAL CAPITALISM, NOT PUNISH IT; I WANT TO EMPOWER PEOPLE TO MAKE THEIR OWN CHOICES, NOT YOKE THEM TO NEW BUREAUCRACIES. I WANT A GOVERNMENT THAT SPENDS LESS, REGULATES LESS, AND TAXES LESS. AND I WILL FIGHT WITHOUT HESITATION FOR A FREE FLOW OF TRADE AND CAPITAL AND IDEAS AROUND THE WORLD -- BECAUSE AMERICANS NEVER RETREAT -- WE ALWAYS COMPETE.

I KNOW TIMES HAVE BEEN DIFFICULT FOR MANY AMERICANS. THE WORLD WE KNEW AS CHILDREN -- NO MATTER YOUR AGE -- WILL NEVER BE THE SAME. AMERICA WILL CHANGE -- THAT IS OUR DESTINY; HOW IT WILL CHANGE WILL SOON BE DECIDED.

I ASK, AS YOU CONSIDER THE CHOICE YOU FACE, TO CONSIDER CAREFULLY WHOSE AGENDA FOR CHANGE BEST FITS AMERICA'S PRINCIPLES, OUR NATIONAL EXPERIENCE, AND OUR HOPES FOR LASTING PEACE AND PROSPERITY.

#

WHITE HOUSE STAFFING MEMORANDUM



DATE: 09/09/92 ACTION/CONCURRENCE/COMMENT DUE BY: ----

SUBJECT: PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB - 09/10

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MOORE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MULLINS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PETERSMEYER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PROVOST	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	TUTWILER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCGROARTY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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			GROOMES	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

SEPTEMBER 9, 1992

32 SEP 9 10:22

MEMORANDUM FOR THE PRESIDENT

THROUGH: STEVE PROVOST

FROM: ANDY FERGUSON *af*

SUBJECT: DETROIT ECONOMIC CLUB

Attached is the final version of your prepared remarks (40 minutes, teleprompter) to be delivered Thursday, September 10, to the Detroit Economic Club.

September 9, 1992
10:30 p.m.
AGENDA

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB
SEPTEMBER 10, 1992
DETROIT, MICHIGAN

Good morning, everyone. (Acknowledgments)

This morning I am releasing an Agenda for American Renewal. And I've come here today to introduce it to you and the nation.

My agenda diagnoses the economic problems our nation faces, lays out the principles that should guide us in the years ahead, and explains the integrated approach I am pursuing to meet the challenge.

Over the past weeks I have been discussing elements of my economic agenda, and in the weeks ahead I will be expanding on those and other ideas. The document I am releasing today shows how the pieces fit together.

But let's begin this morning by stepping back, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission in the lifetime of our country -- the triumph of democratic capitalism over imperial communism.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

Throughout history, at the close of prolonged and costly wars, victors have confronted the problem of securing a new basis

for peace and prosperity. The American people recognize that we stand at such a watershed.

We sense the epic changes at work in the world and the economy, the uneasiness that stirs the democracies who served as our partners in the long struggle.

We feel the uneasiness in our own homes and communities; and we see the difficulties of their neighbors and friends who have felt change most directly.

And we know that while we face an era of great opportunity, we face great risks as well -- if we fail to make the right choices, if we fail to engage this new world wisely.

But America has always possessed unique powers, and foremost among them is the power of regeneration -- to transform uncertainty into opportunity. Only in America do we have the people, the talents -- the principles and ideals -- to fully embrace the world that opens before us.

For America to be safe and strong, we must meet the defining challenge of the 1990s: to win the economic competition -- to win the peace.

We must be a military superpower, an economic superpower, and an export superpower.

My Agenda for Renewal asks that we look forward -- to open new markets, prepare our people to work, strengthen our families, -- save and invest -- so that we can win.

Our renewal depends on economic growth -- but growth not for the few at the expense of the many, not for the present at the expense of the future.

In our country we have always prized an entrepreneurial capitalism that grows from the bottom up, not the top down; a prosperity that begins on Main Street and extends to Wall Street -- not the other way around.

That's the lesson I learned as a young man who packed up a Studebaker and moved to Texas after another war, at the start of another era. I saw jobs, prosperity -- an entire future -- built with the hands of ordinary men and women with extraordinary dreams.

Our nation has never been seduced by the mirage my opponent offers -- of a government that accumulates capital by taxing it and borrowing it from the people -- and then redistributing it according to some industrial policy. We know that the clumsy hand of government is no match for the uplifting hand of the marketplace.

My international economic and trade strategy will guarantee our position as an export superpower, extending our global economic reach in tandem with our security presence -- to stretch beyond our borders so that we can create more jobs within them.

At the same time, we need to foster at home the capabilities that will keep us in the lead: radical changes in our education system to prepare our children for a constantly changing workplace; incentives for entrepreneurs and new technologies to

Abstract
Prompts
only

sharpen our competitive edge; job training and health care reform to promote the economic security of our working men and women; and new approaches for reaching out to those who have been left behind, since in the century ahead we will need the aspirations and energy of every American.

And finally, because our greatest strengths flow not from government but from the personal initiative and energy of free men and women, my agenda aims to check the growth of government, and, in some important ways, to reverse it.

Together, the components of this agenda should renew America according to her most cherished principles.

And this renewed America will be empowered toward a grand goal: to nearly double the size of our economy, to \$10 trillion, by the early years of the next century.

To place my agenda in a larger context, let me turn briefly to five profound changes now at work in our economy. When Americans gather around the kitchen table at night, and talk about how they'll meet a mortgage, or pay the doctor's bill, they're feeling these changes in their lives. And before the changes have run their course, they will have forever altered the way Americans buy and sell, work and create.

The first great change in our economy is ironically caused by our very success in ending the Cold War. In the short run, reductions in defense spending have meant painful lay-offs in many industries, and we are taking steps to ease this transition. But in the medium and long run, reductions in defense spending

will free up priceless skills and technologies for peacetime growth.

Second, most of our industries are transforming themselves from old-style hierarchies into flatter organizations, with fewer layers between customer and executive. The new organizations emphasize a skills-based workforce, "lean production," and shorter product cycles. From castings to computers, this is a revolution as dramatic as the one made earlier this century, when Henry Ford led the country from craft-based production to mass manufacturing.

While these changes are essential to maintaining our competitive edge, they've come with a cost -- lay-offs and cutbacks among both white- and blue-collar workers. These hard-working people need reassurance -- not only about their economic security, but about preserving the sense of self-worth that only work can provide.

The third change: while the 1980s brought us the greatest peacetime expansion in our history, the boom also led too many of us to take on too much debt.

We have been paying down that debt -- and lower interest rates have helped us do it. The process is largely over, but consumers and companies remain cautious.

The fourth change involves our financial system. We entered the '80s with a 50-year-old banking system, designed for the days when tellers wore green eye-shades, not for an era when billions of investment dollars can cross borders at the speed of light.

In the late '70s, record interest and inflation rates rocked this anachronistic system. The less efficient institutions could not survive, obligating the federal government to protect the savings of millions of Americans.

This process, too, is nearing its end. Our financial system will become more flexible and efficient. But for now, lenders are cautious and, despite low interest rates, small businesses still find credit hard to come by.

The most far-reaching of these five changes is the emergence of a global economy. No nation is an island today. One out of every six manufacturing jobs is directly tied to exports. The crops sown from one out of every three acres of farmland are sold abroad.

Consider some implications of the global economy: When growth slows abroad, as it has recently, our own growth slows as well. And America will only grow in the next century if we can compete globally -- in every part of the world. Finally, we must seize every opportunity to open new markets, particularly those with the greatest potential for expansion.

Now, in drafting an agenda for America's future, we had to assess our strengths as well as our weaknesses. Conveniently, the other side has discovered many weaknesses, very few strengths. Of course, they might find temporary political gain in portraying an America past her prime and over the hill. But they have no more right to argue, for partisan purposes, that our

economy is weaker than it is, than I have to understate our problems.

Our strengths are real. The Misery Index -- the sum of inflation and unemployment -- is 10.8 percent today, down from 19.6 percent in 1980.

Inflation stands at about three percent.

Interest rates are at a twenty year low.

The purchasing power of Americans gives us the highest standard of living in the world.

We enjoy the highest home ownership rate of all major industrialized countries.

We send 68 percent of our children on to higher education -- more than any other country -- and well above Germany's 32 percent and Japan's 30 percent.

And with 5 percent of the world's population, we produce 25 percent of the world's total output -- and 37 percent of its high-tech products.

I do not mean to suggest that all is well -- that we do not need to lead and manage the changes transforming our economy.

prompter → But you can't chart the stars if you think the sky is falling.

Over the past 12 years we have almost doubled the size of our economy. It's as if we created two extra economies the size of Germany's from scratch.

How will we meet our goals? Before you hear the specifics of my agenda, let me tell you a little bit about what I believe

-- because change, if it is to be a force for good, must be guided by principles. And the principles that must guide change are the principles that never change.

promptly

I believe we are a nation of special individuals, not special interests.

Individuals draw their enduring strength from their families, from their neighbors and communities, not from the government. So I believe we must never ask government to do what families and neighbors and individuals can better do for themselves -- and for one another.

I believe -- because I've seen it -- economic growth comes from the small businesswoman who takes a risk on a new product, from the computer hacker working in a cluttered garage, from the merit scholar in South Central L.A. with a future as big as his dreams.

And I believe government owes it to them, and to you, to keep tax rates low and make them lower; to keep money sound; to limit its own spending and regulations; and to open the way for greater competition, and freer trade.

But I do not believe, as some might, that government's obligation ends there. As a conservative I believe that government can help people -- offer them hope and opportunity -- by giving them the means and the confidence to make the decisions that matter in life.

My background has also prepared me for the task of bringing

our foreign policies and our domestic policies together; to turn our strength as a world power to our advantage as an economic power; to match the security we feel militarily with the economic security we must build at home.

My Agenda for American Renewal calls for action on six interconnected fronts. There is no single cause of our present situation. There can be no single cure. The whole of our agenda will be greater than the sum of its parts.

First, Challenging the World. During the Cold War, we built a global security structure with military alliances across the Atlantic and Pacific. In the same way, the post-Cold War era requires a strategic economic and trade policy -- global in scope, and built on our foundation as an economic and export superpower.

We are uniquely positioned to achieve this goal. As the largest fully integrated market in the world, we wield leverage with other countries that want access to our market.

As both a Pacific and a European power, we are tied to the largest and most rapidly growing economies across both oceans.

And as the strongest nation in our hemisphere, we are looked to for leadership by free economies emerging from Chile to Mexico.

The same holds true for the newly born economies of Eastern Europe and the former Soviet Union, where our values, our products, even our language, carry a unique appeal. In Moscow

these days, the lines at McDonalds are longer than the lines at Lenin's Tomb.

The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people. As this openness is at last being reciprocated around the world, we find ourselves again at a special advantage.

The next steps in my strategic trade policy are to secure Congressional approval of the North American Free Trade Agreement and to complete the global trade negotiations, creating high-wage American jobs and expanding the pool of customers hungry for the fruits of American labor.

Let me emphasize: these agreements are steps, not ends in themselves.

So I want to announce today that it's my goal to develop a strategic network of free trade agreements -- with Latin America; with Poland, Hungary and Czechoslovakia; and with countries across the Pacific.

And then, as these external barriers fall, I believe we can help reduce internal barriers to competition as well -- in North America, Western Europe, Japan, and elsewhere. Greater competition will encourage entrepreneurial capitalism at the expense of government power and entrenched interests, spurring unprecedented economic growth.

Traveling around the country I have seen it happen already -- particularly in small businesses, as they strengthen themselves for international competition. A couple of weeks ago, in St.

Louis, I visited Public Safety Equipment, a manufacturer of the light-bars you've seen on police cars. The president of Public Safety told me that a few years ago, they recognized they could no longer just sell their products in fifty states and leave it at that. So they took on the world. Now 35 percent of what they make is sold in 48 countries, creating good jobs right here.

Public Safety, and the hundreds of thousands of companies like it, offer a glimpse into the future I see for all American business.

But a business is only as efficient, as resilient and innovative, as the people who keep its books and build its products and devise its strategy. Materials, machines, and methods will come and go, but the American worker will remain the key to our economic security. That brings me to the second part of my agenda: Preparing Our Children.

The workplace of the 21st Century will be constantly changing. We must prepare the American people for a lifetime of learning, to keep a step ahead of that process of change. Developed nations need developing minds.

The burden will fall on our educational system. As in the past, education should be the ladder that children of modest means can climb to better themselves.

Our current school system is not up to the task. Designed for the 19th Century, it will collapse under the weight of the 21st. And our educational establishment is caught in the same time warp, where standing still means falling behind.

Money alone is not the answer -- the United States already spends more per pupil than any other country but Switzerland. The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.

And the catalyst for change -- the one reform that drives all others -- is school choice, giving children scholarships so that all parents have the freedom to choose which schools will best serve their children. Competition is the principle that must underlie education reform, to break the establishment's monopoly on the system. And competition will not work unless parents are allowed to choose their children's schools -- whether it's the public school across town or the parochial school across the street.

Consider one statistic: In Chicago, 46 percent of public school teachers send their children to private schools. Clearly they know something about monopoly education my opponent doesn't.

Our different approaches to education reform reveal the Grand Canyon that divides me and my opponent. You see the same contrast in child care, health care, and a host of other issues. My opponent prefers uniformity to variety and choice, relying on government bureaucracies to offer "one-size-fits-all service." I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

Even as we fix our schools, the question remains: Will there be good jobs for our kids? That's the third part of my agenda: Sharpening Businesses' Competitive Edge.

I learned my economics the way most of you did -- a lot of late nights sweating over a balance sheet, trying to meet a payroll.

I saw that if people are allowed to keep more of what they produce, they will produce more. It's common sense.

When capital is taxed lightly, there's more of it. When it is taxed heavily, it becomes scarce -- available only to those who are already wealthy, who need it least of all. That's not the kind of economy I want.

If capital were more abundant, labor would be more in demand, wages would rise, unemployment lines would shrink. That is the kind of economy I want.

That's why I want enterprise zones in our inner cities and rural areas. That's why I want to make the R & D tax credit permanent. And that's why I want to cut the capital gains tax and index it for inflation.

Those are the fundamentals. I also see three other ways to sharpen the competitive edge of American business:

-- first, strengthening small business, by cutting taxes, ensuring that credit is available, and by lifting the deadweight of government regulation;

-- second, supporting civilian R&D, by bringing the development, production and marketing of technology closer to the consumer;

-- and third, reforming our legal system. Every year American business and consumers spend up to \$200 billion just in

direct costs to lawyers -- far more than our competitors in Japan and Europe. My product liability reform and Access to Justice Act will restore rationality to the system and stop undermining the American worker.

America will never lead the world in the 21st Century until we learn to sue each other less and care for each other more.

The fourth part of my agenda: Promoting Economic Security -
- for working men and women.

Again, common sense shows the way: True security will come only by developing individual capability, not dependency. And that independence, in turn, comes through the private sector, not the government.

Government's role will be to ease the individual's adjustment to a fast-changing marketplace. The average worker today will change jobs 10 times over the course of his or her working life.

So we need a wider and more flexible range of job training and placement services -- for both the young and old, the blue and white-collar worker, and now especially for workers from our defense industries.

Pensions must be portable -- and health care must be affordable. Our health care system today provides the best care, but at an unacceptable price. More than thirty million Americans have no health insurance. Health care costs are the fastest-rising part of the budget for government, businesses, and families.

My reforms get to the root of these problems while preserving and building on our system's strengths -- our state-of-the-art care, openness to innovation, and consumer choice. Taken together, they would cut health care costs by \$394 billion over five years.

My opponents' plan would eventually place a full 13 percent of our economy under the control of the federal government -- meaning more bureaucracy, rationed care, inefficient service, and, in the end, higher costs.

Let common sense be our guide: We must enhance competition and market forces, not restrict them; we must preserve individual choice, not hand decision-making over to centralized bureaucracies; we must reduce the burden on employers and employees, not bury them in a tide of new taxes and government regulations.

Job training, retirement security, affordable health care: Combining these with a new system of education and cutting-edge, entrepreneurial business, we can offer genuine economic security to our working men and women.

The programs I've outlined are based on the principles that will empower all Americans to make their own choices and better their lives. But I believe we need to do more for some of our citizens who have been left behind. That is the fifth component of my agenda: Leaving No One Behind.

The American Dream is nothing more or less than the belief that all Americans can make a better life for their children.

The dream has made us the most dynamic society in the world; it's yet another strength we can draw upon for the challenge ahead. So we must give every American a shot at making good on the dream.

I reject the shopworn logic that sees poverty as a simple lack of income -- a kind of economic shortfall that can be replaced with a government check. A conservative philosophy of empowerment must have at its foundation the creation of character, through the ownership of property and the dignity of work. That means sweeping away the nightmare of crime from our cities, building a core of property owners, creating business incentives, and making individual discipline and self-reliance the goal of all our programs. The human capital unleashed in this way will drive us forward into the 21st Century.

I call the final component of my Agenda -- "Rightsizing Government."

You'll recognize that I take the term from the business world -- which has a lot to teach those of us in government. At a time when companies across the country have been restructuring, cutting fat, increasing efficiency -- all to prepare for the economic competition of tomorrow -- the federal government faces an obligation to do the same.

Today the federal government spends nearly twenty-four cents of every dollar of the nation's income. That's the fact: Government is too big and it spends too much.

The size and structure of government are relics of a different age -- artifacts more suited to the dilemmas of fifty years ago than the problems of today. Every institution in our society has learned that by pushing power down through organizations, by using technology to speed the flow of information, you don't just save money, you improve productivity. It's time for government to do the same.

I will streamline government -- consolidating agencies, tightening budgets, and cutting the salaries of highly paid federal employees. And I'll start by cutting the White House budget 33 percent if Congress cuts its own budget by the same amount. ^{with fewer Congressional staff badgering us, I know we can cut ~~to~~ costs by that amount.} And I'll cut the salaries of all federal employees earning more than \$75,000 by 5 percent. Taxpayers have tightened their belts. The better-paid federal workers should do the same.

The Agenda I publish today contains specific proposals to cut the fat: a cap on the growth in mandatory spending -- without touching Social Security -- and a freeze on domestic spending; a balanced budget amendment and a line-item veto; and a new mechanism -- a check-off box on tax returns -- to give taxpayers the power to cut the deficit themselves. I will fight to reduce spending and increase growth so we can balance the budget.

Unlike my opponent, I do not believe the American people are undertaxed. Quite the opposite: I am committed to cutting taxes across the board. Let me offer an illustration of what we could do: My cap on the growth of mandatory spending allows for population growth and inflation, and exempts Social Security.

specifically

But that cap alone would save about \$300 billion over five years. If we used just the \$130 billion in specific spending cuts I have already proposed, we could cut income tax rates one percentage point across the board; reduce the small business tax rate from 15 percent to 10 percent, and reduce the tax on capital gains.

That is the direction I want to go: to tax less, spend less, cut the deficit, and redirect our current spending to serve the interests of all Americans.

I honestly believe that this is the way -- the only way -- to control the size of the federal government. The facts are painful but plain: For Congressmen, spending is power. And they will exercise that power until they have spent every last dime they can squeeze from the working men and women of America. It's as simple as this: Raising taxes won't cut the deficit.

Here, then, is my Agenda for American Renewal. It comes at a time unique in our history, a turning point, a moment when one era is passing away and another is being born.

In the Agenda published today, you'll find 13 proposals that I intend to achieve in the first year of my second term. I present them as a single program, a unified strategy to make change work for America.

Over the last three years I've shown how America can change the world; and we've made a respectable start managing the change at home. Our primary task now is to target America.

I intend to fight for this Agenda, to fight as hard as I can to get as much as I can, and then I'm going to come back for

With a new Congress that can have as many as 150 new members, I'm optimistic.

-- 19

more. If Congress balks, I'll move forward anyway -- just as I have done with education, regulatory and welfare reform. I'll work with the governors, with state and local governments, with the private sector -- with anyone who shares the urge to renew our country.

The American people know that the events of recent years have shaken the world. With the close of the Cold War we can achieve peace, prosperity and promise at home. The American people want that. The American people deserve that.

My Agenda draws together our people and our government to meet this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

I want America to seize this moment. I want to stimulate entrepreneurial capitalism, not punish it; I want to empower people to make their own choices, not yoke them to new bureaucracies. I want a government that spends less, regulates less, and taxes less. And I will fight without hesitation for a free flow of trade and capital and ideas around the world -- because Americans never retreat-- we always compete.

I know times have been difficult for many Americans. The world we knew as children -- no matter your age -- will never be the same. America will change -- that is our destiny; how it will change will soon be decided.

I ask, as you consider the choice you face, to consider carefully whose agenda for change best fits America's

principles, our national experience, and our hopes for lasting peace and prosperity.

xxx

TODD
 TODAY, 9/9 2:00p.m.

WHITE HOUSE STAFFING MEMORANDUM

02 SEP 10 09:50

DATE: 9/9/92 ACTION/CONCURRENCE/COMMENT DUE BY: TODAY, 9/9 2:00p.m.

SUBJECT: PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB THURSDAY, SEPT. 10

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MULLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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HORNER	<input type="checkbox"/>	<input type="checkbox"/>	<u>MCGROARTY</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

Please forward your comments directly to Dan McGroarty, RM. 122, x2930, no later than 2:00 p.m., TODAY, SEPTEMBER 9, with a copy to this office. Thank you.

RESPONSE:

7080
 336 -

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

THE WHITE HOUSE
WASHINGTON

September 8, 1992

2 SEP 8 PM: 27

MEMORANDUM FOR THE PRESIDENT

THROUGH: STEVE PROVOST *SP*
FROM: ANDY FERGUSON *AF*
SUBJECT: DETROIT ECONOMIC CLUB

On Thursday morning, September 10th you will deliver remarks (38 mins., teleprompted) to 2,000 members of the Detroit Economic Club. Your speech unveils your Agenda for American Renewal. Your remarks are drawn exclusively from the Agenda.

Note: Given the significance of this speech, we wanted to be sure you had an opportunity to review it during the day. We will be refining it on Wednesday, but hoped to get general reaction from you as we are doing so.

September 8, 1992
11:00 p.m.
AGENDA

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB.
SEPTEMBER 10, 1992
DETROIT, MICHIGAN

Good morning, everyone. (Acknowledgments)

This morning I am releasing an Agenda for American Renewal. And I've come here today to introduce it to you and the nation.

My agenda diagnoses the economic problems our nation faces, lays out the principles that should guide us in the years ahead, and explains the ^{COMPREHENSIVE STRATEGY} ~~integrated approach~~ I am pursuing to meet the challenge.

Over the past weeks I have been discussing elements of my economic agenda, and in the weeks ahead I will be expanding on those and other ideas. The document I am releasing today shows how the pieces fit together.

But let's begin this morning by stepping back, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission in the lifetime of our country -- the triumph of democratic capitalism over imperial communism.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

Throughout history, at the close of prolonged and costly wars, victors have confronted the problem of securing a new basis for peace and prosperity. The American people recognize that we stand at such a watershed.

They sense the epic changes at work in the world and the economy, the uneasiness that stirs the democracies who served as our partners in the long struggle.

They feel the uneasiness in their own homes and communities; and they see the difficulties of those who have felt change most directly.

And they know that while we face an era of great opportunity, we face great risks as well -- if we fail to make the right choices, if we fail to engage this new world wisely.

But America has always possessed unique powers, and foremost among them is the power of regeneration -- to transform anxiety into opportunity. Only in America do we have the people, the talents -- the principles and ideals -- to fully embrace the world that opens before us.

For America to be safe and strong, we must meet the defining challenge of the 1990s: to win the economic competition -- to win the peace.

We must be a military superpower, an economic superpower, and an export superpower.

My Agenda for Renewal asks that we look forward -- to open new markets, prepare our people to work, strengthen our families, -- to save and invest -- so that we can win^{IN THE NEXT CENTURY AS WE}

Our renewal depends on economic growth -- but growth not for the few at the expense of the many, not for the present at the expense of the future.

HAVE IN THIS ONE

In our country we have always prized an entrepreneurial capitalism that grows from the bottom up, not the top down, a prosperity that begins on Main Street and extends to Wall Street, ²
~~not the other way around.~~

We have never been seduced by the view my opponent offers -
- of a government that accumulates capital by taxing it and borrowing it from the people, and spending it according to an industrial policy fashioned from the latest academic theories.

My agenda is for an inclusive, not an exclusive America -- and surely not for a reclusive one. My international economic and trade strategy will guarantee our position as an export superpower, extending our global economic reach in tandem with our security presence -- to stretch beyond our borders so that we can create more jobs within them.

At the same time, we need to foster at home the capabilities that will keep us in the lead: radical changes in our education system to prepare our children for a constantly changing workplace; incentives for entrepreneurs and new technologies to sharpen our competitive edge; job training and health care reform to promote the economic security of our working men and women; and new approaches for reaching out to those who have been left behind, since in the century ahead we will need the aspirations and energy of every American.

And finally, because our greatest strengths flow not from government but from the personal initiative and energy of free

men and women, my agenda aims to check the growth of government, and, in some important ways, to reverse it.

Fitted together, each overarching and underpinning the other, the components of this agenda should renew America according to her most cherished principles.

And this renewed America will be empowered toward a grand goal: to nearly double the size of our economy, to \$10 trillion, by the early years of ~~this~~ ^{THE NEXT} century.

To place my agenda in a larger context, let me turn briefly to five profound changes now at work in our economy. When Americans gather around the kitchen table at night, and talk about how they'll meet a mortgage, or pay ~~the doctor's bill,~~ ^{FOR A HOSPITAL STAY,} they're feeling these changes in their lives. And before the changes have run their course, they will have forever altered the way Americans buy and sell, work and create.

The first great change in our economy is ironically caused by our very success in ending the Cold War. In the short run, reductions in defense spending have meant painful lay-offs in many industries, and we are taking steps to ease this transition. But in the medium and long run, reductions in defense spending will free up priceless skills and technologies for peacetime growth.

Second, most of our industries are transforming themselves from the old-style ~~hierarchical~~ ^{BUREAUCRATIC} organizations to so-called ~~flattened pyramids, emphasizing a skills-based workforce, "lean production," and shorter product cycles.~~ ^{LEAN AND FLEXIBLE ONES THAT EMPLOY HANDS-ON MANAGERS AND HIGHLY SKILLED WORKERS} From castings to

computers, this is a revolution as dramatic as the one made earlier this century, when Henry Ford led the country from craft-based production to mass manufacturing.

While these changes are essential to maintaining our competitive edge, they've come with ^{SHORT TERM} a cost -- lay-offs and cutbacks among both white- and blue-collar workers, who must worry about their health care and pensions. These hard-working people need reassurance -- not only about their economic security, but about preserving the sense of self-worth that only work can provide.

The third change: while the 1980s brought us the greatest peacetime expansion in our history, the boom also led too many companies and too many households to take on too much debt.

We have been paying down that debt -- and lower interest rates have helped us do it. The process is largely over, but consumers and companies remain cautious.

The fourth change involves our financial system. We entered the '80s with a banking system designed 50 years earlier, a relic in an era when billions of investment dollars can cross borders at the speed of light.

The late '70s threatened this anachronism with record interest and inflation rates -- as well as newer, more competitive financial services. The less efficient institutions could not survive, obligating the federal government to protect the savings of millions of Americans.

This process, too, is nearing its end. The result will be a more flexible and efficient financial system. But for now, lenders are cautious and, despite low rates, small businesses still find access to credit difficult.

The most far-reaching of these five changes is the emergence of a global economy. No nation is an island today. One out of every six manufacturing jobs is directly tied to exports. The crops sown from one out of every three acres of farmland is sold abroad.

Consider three implications of the global economy: One, when growth slows abroad, as it has recently, our own growth slows as well. Two, America will only grow in the next century if it can compete globally -- in every part of the world. And three, we must seize every opportunity to open new markets, particularly those with the greatest potential for expansion.

Now, in drafting an agenda for America's future, we had to assess our strengths as well as our weaknesses. Conveniently, the other side has discovered many weaknesses, very few strengths. Of course, they might find temporary political gain in portraying an America past her prime and over the hill. But they have no more right to argue, for partisan purposes, that our economy is weaker than it is, than I have to underestimate our problems.

Our strengths are real. The Misery Index -- the sum of inflation and unemployment -- is 10.8 percent today, down from 19.6 percent in 1980.

THE SECOND LOWEST RATE
IN 24 YEARS

Inflation stands at about three percent.

Interest rates are at a twenty year low.

The purchasing power of Americans gives us the highest standard of living in the world.

We enjoy the highest home ownership rate of all major industrialized countries.

We send 68 percent of our children on to higher education - more than any other country -- and well above Germany's 32 percent and Japan's 30 percent.

And with 5 percent of the world's population, we produce 25 percent of the world's total output.

I could go on, but I do not mean to suggest that all is well -- that we do not need to lead and manage the changes transforming our economy. But you can't chart the stars if you think the sky is falling. Over the past 12 years we have almost doubled the size of our economy. It's as if we created two extra economies the size of Germany's from scratch.

How will we meet our goals? Before outlining the specifics of my agenda, allow me to set out four principles. I believe these principles are deeply embedded in the American creed -- for the principles that must guide change are the principles that must never change.

First, I believe America is a nation of special individuals, not special interests. And individuals, in turn, draw strength and protection from families and communities, not the Government.

Second, because the individual, not the government, is the basis of a free society, an agenda for economic growth must adhere to certain fundamentals: lower tax rates, limits on Government spending, sound money, greater competition, less economic regulation, and more open trade.

Third, government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs, by giving them the means, the capabilities, and the confidence to make the decisions that matter in life.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. Just as barriers between countries and companies fall in the global economy, so too the traditional distinctions between foreign and domestic, economic and security policies look increasingly artificial. Our aim must be to execute our policies as a unified program to make America secure and strong.

Therefore my Agenda for American Renewal calls for action on six interconnected fronts. We face complex problems; no single solution will suffice. The whole of our agenda will be greater than the sum of its parts.

First, Challenging the World. During the Cold War, we built a global security structure underpinned by military alliances across the Atlantic and Pacific. In the same way, the post-Cold War era requires a strategic economic and trade policy -- global

in scope, and underpinned by our status as an economic and export superpower.

We are uniquely positioned to achieve this goal. As the largest fully integrated market in the world, we wield leverage with other countries that want access to our market.

As both a Pacific and a European power, we are tied to the largest and most rapidly growing economies across both oceans.

And as the strongest nation in our hemisphere, we are looked to for leadership by free economies emerging from Chile to Mexico.

The same holds true for the newly born economies of Eastern Europe and the former Soviet Union, where our values, our products, even our language, carry a unique appeal. In Moscow these days, the lines at McDonalds are longer than the lines at Lenin's Tomb.

The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people. As this openness is at last being reciprocated around the world, we find ourselves again at a special advantage.

The next steps in my strategic trade policy are to secure Congressional approval of the North American Free Trade Agreement and to complete the global trade negotiations, creating American jobs and expanding the pool of customers for American products.

Let me emphasize: these agreements are steps, not ends in themselves.

Our goal is to develop a strategic network of free trade agreements across the Atlantic and the Pacific and in our own hemisphere -- with Latin America; with Poland, Hungary and Czechoslovakia; and countries across the Pacific.

As these external barriers fall, I believe we can reduce internal barriers to competition as well -- in North America, Western Europe, Japan, and elsewhere. Greater competition will encourage entrepreneurial capitalism at the expense of government power and entrenched interests, spurring still greater economic growth.

Traveling around the country I have seen it happen already - particularly in our small businesses, as they reorient themselves toward exports and international competition. A couple of weeks ago, in St. Louis, I visited Public Safety Equipment, Inc., a manufacturer of sirens, light-bars and other safety devices. The president of Public Safety told me that a few years ago, they recognized the time was long past when they could sell their products in the fifty states and leave it at that. So they took on the world. Now 35 percent of what they make is sold in 66 countries.

Public Safety, and the hundreds of thousands of companies like it, offer a glimpse into the future I envision for all American business.

But a business is only as efficient, as resilient and smart, as the people who keep its books and build its products and make its strategy. Materials, machines, and methods will come and go,

but the American worker will remain the key to our economic security. That brings me to the second component of my agenda: Preparing Our Children.

The workplace of the 21st Century will be constantly changing. We must prepare the American people for a lifetime of learning, to keep a step ahead of that process of change. Developed nations need developing minds.

The burden will fall on our educational system. As in the past, education should be the ladder that children of modest means can climb to better themselves.

Our current school system is not meeting these needs. Designed for the 19th Century, it will collapse under the pressures of the 21st. And it must be said: our educational establishment is caught in the same time warp, where standing still means falling behind.

Money alone is not the answer -- the United States already spends more per pupil than any other country but Switzerland. The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.

And the catalyst for change -- the one change that drives all others -- is school choice, giving all parents the means and freedom to choose which schools will best serve their children. Competition is the principle that must underlie education reform. And competition will not work unless parents are allowed to choose their children's schools -- whether it's the public school across town or the parochial school across the street.

Wealthy families already have this choice for their children. Many people you saw at the Democratic National Convention have choice for their children. Why shouldn't you have choice for your children?

Consider one statistic: In Chicago, 47 percent of public school teachers send their children to private schools. Clearly they know something about monopoly education my opponent doesn't.

Our different approaches to education reform reveal the great divide between my opponent and me. You will see the same contrast in child care, health care, and a host of other issues. The opposition prefers uniformity to variety and choice, relying on government bureaucracies to offer "one-size-fits-all service." I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

Having prepared our children for the world of work, the question remains what kind of work they will do. The third component of my agenda for renewal is therefore: Sharpening Businesses' Competitive Edge. Our ultimate success as an economic superpower is dependent on the performance of our private businesses -- on our success in encouraging entrepreneurial capitalism.

The free market does not operate according to academic theory or abstract industrial policies. It operates on common sense. I learned my economics the way most of you did -- a lot late nights sweating over a balance sheet, trying to meet a payroll.

I saw that if people are allowed to keep more of what they produce, they will produce more than they can use. The remainder is called capital.

When capital is taxed lightly, it becomes abundant. When it is taxed heavily, it becomes scarce -- available only to those at the top, who need it least of all. That's not what I want.

~~If capital were more abundant, however, labor would become more scarce. Wages would rise, unemployment lines would shrink.~~

~~That is what I want.~~

FOR JOBS AND INVESTMENT

That's why I want enterprise zones^y in our inner cities and rural areas. That's why I want to make the R & D tax credit permanent. And that's why I want to cut the capital gains tax and index it for inflation.

Those are the fundamentals. I also see three other ways to sharpen the competitive edge of American business:

-- first, strengthening small business, by cutting taxes, ensuring that credit is available, and by lifting the dead weight of government regulation;

-- second, supporting civilian R&D, by bringing the development, production and marketing of technology closer to the consumer;

-- and third, reforming our costly legal system, which mires even conscientious businesses and individuals in a swamp of frivolous lawsuits. My product liability reform and Access to Justice Act will drain the swamp.

Frankly, passage of these bills won't be easy. Trial lawyers are a powerful vested interest -- well-represented in Congress and high on the list of political contributors, as my opponent well knows. But America will never lead the world in the 21st Century until we learn to sue each other less and care for each other more.

The most competitive companies in the coming decades will be those that most involve their workers in the business at hand. Working men and women will want to know that they can enjoy both economic opportunity and security. That is the fourth component of my agenda: Promoting Economic Security.

Again, common sense shows the way: True security will come only by developing individual capability, not dependency. And that independence, in turn, comes through the private sector, not the government.

Government's role will be to ^{Help} ~~ease the~~ individual's ^J adjustment to a fast-changing marketplace.

This means, in practice, a wider and more flexible range of job training and placement services -- for both the young and old, the blue and white-collar worker, and particularly during the present period, workers from our defense industries.

The pace of the new economy makes new job training approaches necessary: most workers will have more than one employer, often more than one career, over the course of their working lives. This fact raises concerns as well about workers' ability to preserve their ^{RETIREMENT PLANS AND} pensions as they make ^{JOB OR CAREER} ~~these~~ changes.

This summer I signed a law to increase pension portability, but there is still much to do.

Economic security requires as well a major reform of our health care system. The present system's uncontrollable costs and inaccessible coverage is the cause of great unease, even fear, throughout our economy.

My reforms, which I have outlined in detail elsewhere, address the roots of these problems while preserving and building on our system's strengths -- our state-of-the-art care, openness to innovation, and diversity of consumer choice. Taken together, my reforms would cut health care costs by ~~\$394~~ ^{NEARLY \$400 BILLION} billion.

In health care, as in so many issues this year, we stand at a crossroads. The path my opponents have chosen would place a full 13 percent of our economy under the control of the federal government -- meaning more bureaucracy, rationed care, inefficient delivery of services, and, in the end, higher costs.

Let common sense be our guide: We must enhance competition and market forces, not restrict them; we must preserve individual choice, not hand decision-making over to centralized bureaucracies; we must reduce the burden on employers and employees, not bury them in a tide of new taxes and government regulations.

Job training, retirement security, affordable health care: When combined with a new system of education and entrepreneurial, competitive business, we can offer genuine economic security to our working men and women.

OVER THE NEXT FIVE YEARS. (PENSION TO CLAIM \$394 B.)

The programs I've outlined are based on the principles that will empower all Americans to make their own choices and better their lives. But I believe we need to do more for some of our citizens who have been left behind. That is the sixth component of my agenda: Leaving No One Behind.

The American Dream is nothing more or less than the belief that all Americans can make a better life for their children. The dream has made us the most dynamic society in the world; and in the new century that dynamism will be essential to outpace the economic competition. We can only turn it to our full advantage if every American has a shot at making good on the dream.

I reject the shopworn logic that sees poverty as a simple lack of income -- a kind of economic shortfall that can be replaced with a government check. A conservative philosophy of empowerment must have at its foundation the creation of character, through the ownership of property and the dignity of work. That means sweeping away the nightmare of crime from our cities, building a core of property owners, creating business incentives, and making ^{PERSONAL} ~~individual~~ discipline and self-reliance ^{WELFARE AND SOCIAL SERVICE} the goal of all our programs. The human capital unleashed in this way will do much to drive us forward into the 21st Century.

I call the final component of my Agenda -- "Rightsizing Government."

You'll recognize that I take the term from ^{MY FIRST CAREER -} the business world -- which ^{Holds TREMENDOUS LESSONS FOR} ~~has a lot to teach~~ ^{SERVING} those of us in government. At a time when companies across the country have been restructuring,

cutting fat, increasing efficiency -- all to prepare for the economic competition of tomorrow -- the federal government faces an obligation to do the same.

Today the federal government spends nearly twenty-four cents of every dollar of the nation's income. That figure provides vivid proof of what I have often said: Government is too big and it spends too much.

A bloated federal government, serving itself seconds rather than serving the people first, will weigh us down in the economic race of a new era.

The Agenda I publish today contains specific proposals to cut the fat: caps on the growth in mandatory spending and a freeze on domestic spending; a balanced budget amendment and a line-item veto; and a new mechanism -- a check-off box on tax returns -- to give taxpayers the power to cut the deficit themselves.

The size and structure of government are relics of a different age -- artifacts more suited to the dilemmas of fifty years ago than the problems of today. An American renewal will require a streamlined government -- consolidating agencies, tightening budgets, and cutting the salaries of highly paid federal employees.

Unlike my opponent, I do not believe the American people are undertaxed. Quite the opposite: I am committed to cutting taxes across the board. Let me offer an illustration of what we could do: If Congress had acted on the \$130 billion in specific

spending cuts I have already proposed, we could cut income tax rates by one percent across the board; reduce the small business tax rate from 15 percent to 10 percent, and reduce the tax on capital gains.

That is the direction I propose we go: to tax less and spend less; and to redirect our current spending to serve the interests of all Americans.

I honestly believe that this is the way -- the only way -- to control the size of the federal government. The facts are painful but plain: For Congressmen, spending is power. And they will exercise that power until they have spent every last dime they can squeeze from the working men and women of America. It's as simple as this: Raising taxes won't cut the deficit.

Here, then, is my Agenda for American Renewal. It comes at a time unique in our history, a turning point, a moment when one era is passing away and another is being born.

I intend to fight for this Agenda, to fight as hard as I can to get as much as I can, and then I'm going to come back for more. If Congress balks, I'll move forward anyway -- just as I have done with education and welfare reform. I'll work with the governors, with state and local governments, with the private sector -- with anyone who shares the urge to renew our country.

With the close of the Cold War we can target peace, prosperity and promise at home. The American people want that. The American people deserve it.

At the same time, Americans recognize that the great events of recent years have shaken the world. If we are to succeed, as a nation and a people, if we are to hold true to all that has made America the last, best hope of man on earth, then our renewal at home must enable us to make the 21st Century yet another American Century.

My Agenda draws together our people and our government to meet this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

I want America to seize this moment. I want to stimulate entrepreneurial capitalism, not punish it; I want to empower people to make their own choices, not yoke them to new bureaucracies. I want a government that spends less and taxes less. And I will fight without hesitation for a free flow of trade and capital and ideas around the world -- because Americans compete, never retreat.

I know times have been difficult for many Americans. The world we knew as children -- no matter your age -- will never be the same. America will change -- that is our destiny; how it will change will soon be decided.

I ask, when you step into that voting booth, to please consider carefully whose agenda for change best fits America's principles, our national experience, and our hopes for lasting peace and prosperity.

THE WHITE HOUSE

WASHINGTON

September 9, 1992

Boatley

MEMORANDUM FOR ROGER B. PORTER

FROM: WARREN MARUYAMA, M

SUBJECT: Detroit Economic Club Speech

The speech addresses the need for an affirmative long-term economic vision that President can take to the American people.

I have three comments:

Page 5: It might be better to drop the reference to the banking system, which many people associate with the S & L crisis. Instead, one of the key structural changes running through American society is the rapid pace of technological innovation. Technological advances are sharply increasing productivity (and costing jobs) and are forcing many industries to change or die. For example, during the 1980s, technology shifted from electric typewriters to word processors/minicomputers to the personal computer, leaving Wang and Smith Corona on the trash heap. Most of the job losses in labor-intensive U.S. industries, e.g. textiles, autos, and steel, during the 1980s resulted from advances in productivity. While increased global competition played a role, it was clearly secondary. Nevertheless, technology (unlike banking) also has a positive element -- the rise of major new industries, like software or biotechnology, in the last decade and new jobs through the process of change and renewal.

Page 7: The proposed insert at Tab A contains additional material rebutting the myth of American decline.

Page 10: The reference to future free trade areas with Latin America, Eastern Europe and Asia should be revised as follows: "Our goals are to complete the Uruguay Round of multilateral trade negotiations by the end of this year and to continue to develop a strategic network of market-opening agreements across the Atlantic and Pacific and in our own hemisphere -- with Latin America; with Poland, Hungary and Czechoslovakia: and across the Pacific."

The change is designed to avoid appearing to propose FTAs with Latin America, Japan, and Eastern Europe, which is extremely risky for three reasons:

First, until Congress has approved NAFTA, we should avoid complicating our trade agenda with controversial new initiatives. The reference to additional FTAs is premature at best and could allow opponents to raise the spectre that NAFTA is a precedent for additional job losses. In addition, while the Administration is committed to beginning FTA negotiations with Chile, the California agricultural lobby is strongly opposed. Consequently, this idea should not be highlighted at this time.

Second, if the Administration appears to be plotting a large number of new FTAs without consulting Congress, we will jeopardize our chances of getting an extension of our bilateral fast track negotiating authority in a NAFTA implementing bill. The Administration needs a bilateral fast track extension to complete Enterprise for the Americas (EAI), but faces an uphill battle in the Congress. (We have even less chance of securing an extension of our multilateral authority, because of the long-running stalemate in the Uruguay Round.) Without additional negotiating authority, the President cannot launch much, if anything, in the way of meaningful new trade initiatives in a second term.

Third, while Congressman Solarz and ex-Ambassador Mansfield have proposed an FTA with Japan, there is no Congressional support for this idea. Eliminating Japanese tariffs, which is the principal objective of an FTA, would accomplish little, since tariffs are not the main barrier to U.S. goods. FTAs with Eastern Europe would be premature, since these countries have just begun to implement free market reforms and offer limited prospects for sharp increases in American exports in the near-term. Proposing FTAs at this point would be perceived as a disguised form of foreign aid, jeopardizing any possibility of a fast track extension.

The proposed language is broad enough to allow the Administration to take credit for the trade and investment framework agreements we've negotiated with Eastern Europe and Latin America, but vague enough to avoid triggering controversy about future FTAs. The time to begin talking about Latin America and Chile is next year.

Attachment

INSERT

Our system of university and post-graduate education is the best in the world and continues to serve as a powerful magnet for outstanding scientists and researchers worldwide, providing us with new ideas and technologies.

American companies and workers are the most productive in the world and are beating up the international competition. Last year, the United States exported nearly \$600 billion of goods and services -- well ahead of Germany and Japan.

The manufacturing sector's share of U.S. GNP rose from 21.1 percent in 1980 to 23.3 percent at the end of the decade -- more than in the 1950s and 1960s.

With five percent of the world's population, the U.S. produces 25 percent of its output and 37 percent of its high technology products.

Our spending on research and development exceeds that of Germany, Japan, the U.K., and France combined.

WHITE HOUSE STAFFING MEMORANDUM

92 SEP 9 12:28

DATE: 9/9/92 ACTION/CONCURRENCE/COMMENT DUE BY: TODAY, 9/9 2:00p.m.

SUBJECT: PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB THURSDAY, SEPT. 10

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCBRIDE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
BAKER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MULLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PETERSMEYER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BATES	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PROVOST	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BROMLEY	<input type="checkbox"/>	<input type="checkbox"/>	ROSS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CALIO	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SMITH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TUTWILER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ZOELICK	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	KAUFMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HORNER	<input type="checkbox"/>	<input type="checkbox"/>	MCGROARTY	<input type="checkbox"/>	<input checked="" type="checkbox"/>

REMARKS:

Please forward your comments directly to Dan McGroarty, RM. 122, x2930, no later than 2:00 p.m., TODAY, SEPTEMBER 9, with a copy to this office. Thank you.

RESPONSE:

- minor changes p. 2
- well written

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

THE WHITE HOUSE
WASHINGTON

September 8, 1992

2 SEP 8 P11:27

MEMORANDUM FOR THE PRESIDENT

THROUGH: STEVE PROVOST *SP*
FROM: ANDY FERGUSON *AF*
SUBJECT: DETROIT ECONOMIC CLUB

On Thursday morning, September 10th you will deliver remarks (38 mins., teleprompted) to 2,000 members of the Detroit Economic Club. Your speech unveils your Agenda for American Renewal. Your remarks are drawn exclusively from the Agenda.

Note: Given the significance of this speech, we wanted to be sure you had an opportunity to review it during the day. We will be refining it on Wednesday, but hoped to get general reaction from you as we are doing so.

September 8, 1992
11:00 p.m.
AGENDA

PRESIDENTIAL REMARKS: DETROIT ECONOMIC CLUB
SEPTEMBER 10, 1992
DETROIT, MICHIGAN

Good morning, everyone. (Acknowledgments)

This morning I am releasing an Agenda for American Renewal. And I've come here today to introduce it to you and the nation.

My agenda diagnoses the economic problems our nation faces, lays out the principles that should guide us in the years ahead, and explains the integrated approach I am pursuing to meet the challenge.

Over the past weeks I have been discussing elements of my economic agenda, and in the weeks ahead I will be expanding on those and other ideas. The document I am releasing today shows how the pieces fit together.

But let's begin this morning by stepping back, taking stock of where we are as a great nation in the broader sweep of history.

The American people have just completed the greatest mission in the lifetime of our country -- the triumph of democratic capitalism over imperial communism.

Today, this year, for the first time since December 1941, the United States is not engaged in a war, hot or cold.

Throughout history, at the close of prolonged and costly wars, victors have confronted the problem of securing a new basis for peace and prosperity. The American people recognize that we stand at such a watershed.

Americans

~~They~~ sense the epic changes at work in the world and the economy, the uneasiness that stirs the democracies who served as our partners in the long struggle.

~~They~~ feel the ^{this} ~~uneasiness~~ in their own homes and communities; and they see the difficulties of those who have felt change most directly.

And ~~they~~ ^{we} know that while we face an era of great opportunity, we face great risks as well -- if we fail to make the right choices, if we fail to engage this new world wisely.

But America has always possessed unique powers, and foremost among them is the power of regeneration -- to transform anxiety into opportunity. Only in America do we have the people, the talents -- the principles and ideals -- to fully embrace the world that opens before us.

For America to be safe and strong, we must meet the defining challenge of the 1990s: to win the economic competition -- to win the peace.

We must be a military superpower, an economic superpower, and an export superpower.

My Agenda for Renewal asks that we look forward -- to open new markets, prepare our people to work, strengthen our families, -- to save and invest -- so that we can win.

Our renewal depends on economic growth -- but growth not for the few at the expense of the many, not for the present at the expense of the future.

In our country we have always prized an entrepreneurial capitalism that grows from the bottom up, not the top down, a prosperity that begins on Main Street and extends to Wall Street -- not the other way around.

We have never been seduced by the view my opponent offers - of a government that accumulates capital by taxing it and borrowing it from the people, and spending it according to an industrial policy fashioned from the latest academic theories.

My agenda is for an inclusive, not an exclusive America -- and surely not for a reclusive one. My international economic and trade strategy will guarantee our position as an export superpower, extending our global economic reach in tandem with our security presence -- to stretch beyond our borders so that we can create more jobs within them.

At the same time, we need to foster at home the capabilities that will keep us in the lead: radical changes in our education system to prepare our children for a constantly changing workplace; incentives for entrepreneurs and new technologies to sharpen our competitive edge; job training and health care reform to promote the economic security of our working men and women; and new approaches for reaching out to those who have been left behind, since in the century ahead we will need the aspirations and energy of every American.

And finally, because our greatest strengths flow not from government but from the personal initiative and energy of free

men and women, my agenda aims to check the growth of government, and, in some important ways, to reverse it.

Fitted together, each overarching and underpinning the other, the components of this agenda should renew America according to her most cherished principles.

And this renewed America will be empowered toward a grand goal: to nearly double the size of our economy, to \$10 trillion, by the early years of this century.

To place my agenda in a larger context, let me turn briefly to five profound changes now at work in our economy. When Americans gather around the kitchen table at night, and talk about how they'll meet a mortgage, or pay the doctor's bill, they're feeling these changes in their lives. And before the changes have run their course, they will have forever altered the way Americans buy and sell, work and create.

The first great change in our economy is ironically caused by our very success in ending the Cold War. In the short run, reductions in defense spending have meant painful lay-offs in many industries, and we are taking steps to ease this transition. But in the medium and long run, reductions in defense spending will free up priceless skills and technologies for peacetime growth.

Second, most of our industries are transforming themselves from the old-style hierarchical organizations to so-called flattened pyramids, emphasizing a skills-based workforce, "lean production," and shorter product cycles. From castings to

computers, this is a revolution as dramatic as the one made earlier this century, when Henry Ford led the country from craft-based production to mass manufacturing.

While these changes are essential to maintaining our competitive edge, they've come with a cost -- lay-offs and cutbacks among both white- and blue-collar workers, who must worry about their health care and pensions. These hard-working people need reassurance -- not only about their economic security, but about preserving the sense of self-worth that only work can provide.

The third change: while the 1980s brought us the greatest peacetime expansion in our history, the boom also led too many companies and too many households to take on too much debt.

We have been paying down that debt -- and lower interest rates have helped us do it. The process is largely over, but consumers and companies remain cautious.

The fourth change involves our financial system. We entered the '80s with a banking system designed 50 years earlier, a relic in an era when billions of investment dollars can cross borders at the speed of light.

The late '70s threatened this anachronism with record interest and inflation rates -- as well as newer, more competitive financial services. The less efficient institutions could not survive, obligating the federal government to protect the savings of millions of Americans.

This process, too, is nearing its end. The result will be a more flexible and efficient financial system. But for now, lenders are cautious and, despite low rates, small businesses still find access to credit difficult.

The most far-reaching of these five changes is the emergence of a global economy. No nation is an island today. One out of every six manufacturing jobs is directly tied to exports. The crops sown from one out of every three acres of farmland is sold abroad.

Consider three implications of the global economy: One, when growth slows abroad, as it has recently, our own growth slows as well. Two, America will only grow in the next century if it can compete globally -- in every part of the world. And three, we must seize every opportunity to open new markets, particularly those with the greatest potential for expansion.

Now, in drafting an agenda for America's future, we had to assess our strengths as well as our weaknesses. Conveniently, the other side has discovered many weaknesses, very few strengths. Of course, they might find temporary political gain in portraying an America past her prime and over the hill. But they have no more right to argue, for partisan purposes, that our economy is weaker than it is, than I have to underestimate our problems.

Our strengths are real. The Misery Index -- the sum of inflation and unemployment -- is 10.8 percent today, down from 19.6 percent in 1980.

Inflation stands at about three percent.

Interest rates are at a twenty year low.

The purchasing power of Americans gives us the highest standard of living in the world.

We enjoy the highest home ownership rate of all major industrialized countries.

We send 68 percent of our children on to higher education - more than any other country -- and well above Germany's 32 percent and Japan's 30 percent.

And with 5 percent of the world's population, we produce 25 percent of the world's total output.

I could go on, but I do not mean to suggest that all is well -- that we do not need to lead and manage the changes transforming our economy. But you can't chart the stars if you think the sky is falling. Over the past 12 years we have almost doubled the size of our economy. It's as if we created two extra economies the size of Germany's from scratch.

How will we meet our goals? Before outlining the specifics of my agenda, allow me to set out four principles. I believe these principles are deeply embedded in the American creed -- for the principles that must guide change are the principles that must never change.

First, I believe America is a nation of special individuals, not special interests. And individuals, in turn, draw strength and protection from families and communities, not the Government.

Second, because the individual, not the government, is the basis of a free society, an agenda for economic growth must adhere to certain fundamentals: lower tax rates, limits on Government spending, sound money, greater competition, less economic regulation, and more open trade.

Third, government can build on these fundamentals by offering opportunity and hope for individuals, families, and communities. There is a conservative agenda for helping people, for responding to their needs, by giving them the means, the capabilities, and the confidence to make the decisions that matter in life.

Finally, all our policies must be brought together effectively if we are to prosper as a people and succeed as a nation. Just as barriers between countries and companies fall in the global economy, so too the traditional distinctions between foreign and domestic, economic and security policies look increasingly artificial. Our aim must be to execute our policies as a unified program to make America secure and strong.

Therefore my Agenda for American Renewal calls for action on six interconnected fronts. We face complex problems; no single solution will suffice. The whole of our agenda will be greater than the sum of its parts.

First, Challenging the World. During the Cold War, we built a global security structure underpinned by military alliances across the Atlantic and Pacific. In the same way, the post-Cold War era requires a strategic economic and trade policy -- global

in scope, and underpinned by our status as an economic and export superpower.

We are uniquely positioned to achieve this goal. As the largest fully integrated market in the world, we wield leverage with other countries that want access to our market.

As both a Pacific and a European power, we are tied to the largest and most rapidly growing economies across both oceans.

And as the strongest nation in our hemisphere, we are looked to for leadership by free economies emerging from Chile to Mexico.

The same holds true for the newly born economies of Eastern Europe and the former Soviet Union, where our values, our products, even our language, carry a unique appeal. In Moscow these days, the lines at McDonalds are longer than the lines at Lenin's Tomb.

The key to America's growth, expansion, and innovation has always been our openness to trade, investment, ideas, and people. As this openness is at last being reciprocated around the world, we find ourselves again at a special advantage.

The next steps in my strategic trade policy are to secure Congressional approval of the North American Free Trade Agreement and to complete the global trade negotiations, creating American jobs and expanding the pool of customers for American products.

Let me emphasize: these agreements are steps, not ends in themselves.

Our goal is to develop a strategic network of free trade agreements across the Atlantic and the Pacific and in our own hemisphere -- with Latin America; with Poland, Hungary and Czechoslovakia; and countries across the Pacific.

As these external barriers fall, I believe we can reduce internal barriers to competition as well -- in North America, Western Europe, Japan, and elsewhere. Greater competition will encourage entrepreneurial capitalism at the expense of government power and entrenched interests, spurring still greater economic growth.

Traveling around the country I have seen it happen already - particularly in our small businesses, as they reorient themselves toward exports and international competition. A couple of weeks ago, in St. Louis, I visited Public Safety Equipment, Inc., a manufacturer of sirens, light-bars and other safety devices. The president of Public Safety told me that a few years ago, they recognized the time was long past when they could sell their products in the fifty states and leave it at that. So they took on the world. Now 35 percent of what they make is sold in 66 countries.

Public Safety, and the hundreds of thousands of companies like it, offer a glimpse into the future I envision for all American business.

But a business is only as efficient, as resilient and smart, as the people who keep its books and build its products and make its strategy. Materials, machines, and methods will come and go,

but the American worker will remain the key to our economic security. That brings me to the second component of my agenda: Preparing Our Children.

The workplace of the 21st Century will be constantly changing. We must prepare the American people for a lifetime of learning, to keep a step ahead of that process of change. Developed nations need developing minds.

The burden will fall on our educational system. As in the past, education should be the ladder that children of modest means can climb to better themselves.

Our current school system is not meeting these needs. Designed for the 19th Century, it will collapse under the pressures of the 21st. And it must be said: our educational establishment is caught in the same time warp, where standing still means falling behind.

Money alone is not the answer -- the United States already spends more per pupil than any other country but Switzerland. The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.

And the catalyst for change -- the one change that drives all others -- is school choice, giving all parents the means and freedom to choose which schools will best serve their children. Competition is the principle that must underlie education reform. And competition will not work unless parents are allowed to choose their children's schools -- whether it's the public school across town or the parochial school across the street.

Wealthy families already have this choice for their children. Many people you saw at the Democratic National Convention have choice for their children. Why shouldn't you have choice for your children?

Consider one statistic: In Chicago, 47 percent of public school teachers send their children to private schools. Clearly they know something about monopoly education my opponent doesn't.

Our different approaches to education reform reveal the great divide between my opponent and me. You will see the same contrast in child care, health care, and a host of other issues. The opposition prefers uniformity to variety and choice, relying on government bureaucracies to offer "one-size-fits-all service." I don't want to pull everyone down to make them equal. I want to give everyone the tools to climb as high as they can dream.

Having prepared our children for the world of work, the question remains what kind of work they will do. The third component of my agenda for renewal is therefore: Sharpening Businesses' Competitive Edge. Our ultimate success as an economic superpower is dependent on the performance of our private businesses -- on our success in encouraging entrepreneurial capitalism.

The free market does not operate according to academic theory or abstract industrial policies. It operates on common sense. I learned my economics the way most of you did -- a lot late nights sweating over a balance sheet, trying to meet a payroll.

I saw that if people are allowed to keep more of what they produce, they will produce more than they can use. The remainder is called capital.

When capital is taxed lightly, it becomes abundant. When it is taxed heavily, it becomes scarce -- available only to those at the top, who need it least of all. That's not what I want.

If capital were more abundant, however, labor would become more scarce. Wages would rise, unemployment lines would shrink. That is what I want.

That's why I want enterprise zones in our inner cities and rural areas. That's why I want to make the R & D tax credit permanent. And that's why I want to cut the capital gains tax and index it for inflation.

Those are the fundamentals. I also see three other ways to sharpen the competitive edge of American business:

-- first, strengthening small business, by cutting taxes, ensuring that credit is available, and by lifting the dead weight of government regulation;

-- second, supporting civilian R&D, by bringing the development, production and marketing of technology closer to the consumer;

-- and third, reforming our costly legal system, which mires even conscientious businesses and individuals in a swamp of frivolous lawsuits. My product liability reform and Access to Justice Act will drain the swamp.

Frankly, passage of these bills won't be easy. Trial lawyers are a powerful vested interest -- well-represented in Congress and high on the list of political contributors, as my opponent well knows. But America will never lead the world in the 21st Century until we learn to sue each other less and care for each other more.

The most competitive companies in the coming decades will be those that most involve their workers in the business at hand. Working men and women will want to know that they can enjoy both economic opportunity and security. That is the fourth component of my agenda: Promoting Economic Security.

Again, common sense shows the way: True security will come only by developing individual capability, not dependency. And that independence, in turn, comes through the private sector, not the government.

Government's role will be to ease the individual's adjustment to a fast-changing marketplace.

This means, in practice, a wider and more flexible range of job training and placement services -- for both the young and old, the blue and white-collar worker, and particularly during the present period, workers from our defense industries.

The pace of the new economy makes new job training approaches necessary: most workers will have more than one employer, often more than one career, over the course of their working lives. This fact raises concerns as well about workers' ability to preserve their pensions as they make those changes.

This summer I signed a law to increase pension portability, but there is still much to do.

Economic security requires as well a major reform of our health care system. The present system's uncontrollable costs and inaccessible coverage is the cause of great unease, even fear, throughout our economy.

My reforms, which I have outlined in detail elsewhere, addresses the roots of these problems while preserving and building on our system's strengths -- our state-of-the-art care, openness to innovation, and diversity of consumer choice. Taken together, my reforms would cut health care costs by \$394 billion.

In health care, as in so many issues this year, we stand at a crossroads. The path my opponents have chosen would place a full 13 percent of our economy under the control of the federal government -- meaning more bureaucracy, rationed care, inefficient delivery of services, and, in the end, higher costs.

Let common sense be our guide: We must enhance competition and market forces, not restrict them; we must preserve individual choice, not hand decision-making over to centralized bureaucracies; we must reduce the burden on employers and employees, not bury them in a tide of new taxes and government regulations.

Job training, retirement security, affordable health care:
When combined with a new system of education and entrepreneurial, competitive business, we can offer genuine economic security to our working men and women.

The programs I've outlined are based on the principles that will empower all Americans to make their own choices and better their lives. But I believe we need to do more for some of our citizens who have been left behind. That is the sixth component of my agenda: Leaving No One Behind.

The American Dream is nothing more or less than the belief that all Americans can make a better life for their children. The dream has made us the most dynamic society in the world; and in the new century that dynamism will be essential to outpace the economic competition. We can only turn it to our full advantage if every American has a shot at making good on the dream.

I reject the shopworn logic that sees poverty as a simple lack of income -- a kind of economic shortfall that can be replaced with a government check. A conservative philosophy of empowerment must have at its foundation the creation of character, through the ownership of property and the dignity of work. That means sweeping away the nightmare of crime from our cities, building a core of property owners, creating business incentives, and making individual discipline and self-reliance the goal of all our programs. The human capital unleashed in this way will do much to drive us forward into the 21st Century.

I call the final component of my Agenda -- "Rightsizing Government."

You'll recognize that I take the term from the business world -- which has a lot to teach those of us in government. At a time when companies across the country have been restructuring,

cutting fat, increasing efficiency -- all to prepare for the economic competition of tomorrow -- the federal government faces an obligation to do the same.

Today the federal government spends nearly twenty-four cents of every dollar of the nation's income. That figure provides vivid proof of what I have often said: Government is too big and it spends too much.

A bloated federal government, serving itself seconds rather than serving the people first, will weigh us down in the economic race of a new era.

The Agenda I publish today contains specific proposals to cut the fat: caps on the growth in mandatory spending and a freeze on domestic spending; a balanced budget amendment and a line-item veto; and a new mechanism -- a check-off box on tax returns -- to give taxpayers the power to cut the deficit themselves.

The size and structure of government are relics of a different age -- artifacts more suited to the dilemmas of fifty years ago than the problems of today. An American renewal will require a streamlined government -- consolidating agencies, tightening budgets, and cutting the salaries of highly paid federal employees.

Unlike my opponent, I do not believe the American people are undertaxed. Quite the opposite: I am committed to cutting taxes across the board. Let me offer an illustration of what we could do: If Congress had acted on the \$130 billion in specific

spending cuts I have already proposed, we could cut income tax rates by one percent across the board; reduce the small business tax rate from 15 percent to 10 percent, and reduce the tax on capital gains.

That is the direction I propose we go: to tax less and spend less; and to redirect our current spending to serve the interests of all Americans.

I honestly believe that this is the way -- the only way -- to control the size of the federal government. The facts are painful but plain: For Congressmen, spending is power. And they will exercise that power until they have spent every last dime they can squeeze from the working men and women of America. It's as simple as this: Raising taxes won't cut the deficit.

Here, then, is my Agenda for American Renewal. It comes at a time unique in our history, a turning point, a moment when one era is passing away and another is being born.

I intend to fight for this Agenda, to fight as hard as I can to get as much as I can, and then I'm going to come back for more. If Congress balks, I'll move forward anyway -- just as I have done with education and welfare reform. I'll work with the governors, with state and local governments, with the private sector -- with anyone who shares the urge to renew our country.

With the close of the Cold War we can target peace, prosperity and promise at home. The American people want that. The American people deserve it.

At the same time, Americans recognize that the great events of recent years have shaken the world. If we are to succeed, as a nation and a people, if we are to hold true to all that has made America the last, best hope of man on earth, then our renewal at home must enable us to make the 21st Century yet another American Century.

My Agenda draws together our people and our government to meet this challenge. We will create a \$10 trillion economy. We will renew America. We will win the peace.

I want America to seize this moment. I want to stimulate entrepreneurial capitalism, not punish it; I want to empower people to make their own choices, not yoke them to new bureaucracies. I want a government that spends less and taxes less. And I will fight without hesitation for a free flow of trade and capital and ideas around the world -- because Americans compete, never retreat.

I know times have been difficult for many Americans. The world we knew as children -- no matter your age -- will never be the same. America will change -- that is our destiny; how it will change will soon be decided.

I ask, when you step into that voting booth, to please consider carefully whose agenda for change best fits America's principles, our national experience, and our hopes for lasting peace and prosperity.