

Originally Processed With FOIA(s):

S

FOIA Number:

S

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

---

**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

---

**OA/ID Number:** 13640  
**Folder ID Number:** 13640-006

---

**Folder Title:**  
Detroit Economic Club 9/10/92 [OA 5812] [2]

---

Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>26</b>	<b>18</b>	<b>4</b>	<b>6</b>

---



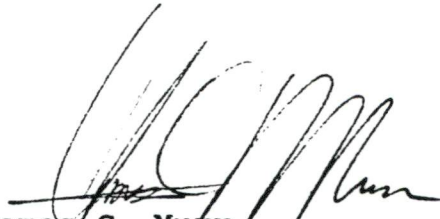
EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

9-9-92

92 SEP 9 P5:02

**NOTICE:**

Enclosed are comments from staff members of the Office of Management and Budget (OMB). Such comments do not necessarily represent the official position of the Director of OMB or of the Office of Management and Budget. If you wish to have the Director's personal comments, please let me know -- and contact me if you have any questions.

  
James C. Murr  
Associate Director for  
Legislative Reference  
and Administration

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"/>	MOORE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MULLINS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<del>DARMAN</del>	<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"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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:

*See comments  
(R. Brady and R. Howard may respond at a later time)*

PHILLIP 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: 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

5873  
H. Saner  
numbering  
of these  
changes "does  
not coincide  
with numbering  
of agenda"

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.

5873  
(Al. Samarin)  
→ short term interest rates are the lowest in about three decades, and the long term are near twenty year lows

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.

\* ① 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

5873  
@L. Samarin  
See numbered "fronts" is #5?

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:

\*2 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.

(Bilman 5178)  
Canada (?)  
See last Friday's Report

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.

Can we say we have the support of our Governors? (Bilman 5178)

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: \*<sup>③</sup> 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.

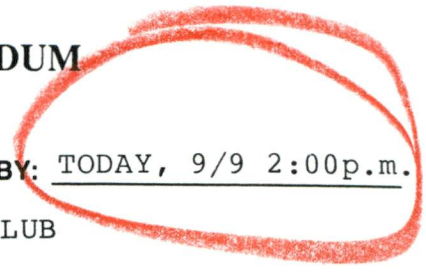
I know times have been difficult for many Americans. The world we knew as children -- no matter your age -- will never be the same. America will change -- that is our destiny; how it will change will soon be decided.

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.

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"/>	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"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<del>HOLIDAY</del>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HORNER					<input checked="" type="checkbox"/>

Comments :

Cabinet Affairs → Holiday  
 Treasury → Jones  
 McLaughlin  
 Robson  
 USTR → Farvar  
 Blumenthal attachment.

REMARKS:

Please forward  
no later than  
Thank you.

2, x2930,  
his office.

RESPONSE:

P. D. BRADY  
to the President  
aff Secretary  
xt. 2702

THE WHITE HOUSE  
WASHINGTON

September 8, 1992

02 SEP 8 11:27

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.

(Treasury) Use: 1) The Second American Century  
or  
2) America's Future  
or  
3) America in the 21<sup>st</sup> Century

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

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

(Treas) "Teehey"  
sounding

"Renewal"  
suggests  
were  
worn  
out

Good morning, everyone. (Acknowledgments)

This morning I am releasing an Agenda for American ~~people~~

The Second Century

And I've come here today to introduce it to you and the nation. (Holiday)

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.

(Holiday) (Brings him closer to the people -- not setting him apart)

~~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~~ <sup>uncertainty</sup> (Treas.)

(Treas.) <sup>the resources</sup> into opportunity. Only in America do we have the people, the talents, -- the principles and ideals -- to fully ~~engage~~ <sup>capitalize on the opportunities in</sup> the world that opens before us. (Post-Cold War)

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.

same comment as on p. 1 → 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. Win what? The peace? (Holiday)

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.

(Treas.)

Not clear.

Not needed.

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~~ <sup>strengthen</sup> 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~~ <sup>the next</sup> 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

(Holiday)

Pls. delete this. Won't be understood.

See Treasury attachment on next page.

(Holiday)  
(Treas.)  
Should we set such a goal? Could be setting ourselves up -- remember 30 million new jobs promise

\$10 trillion

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.

*(Holiday)*  
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~~ <sup>substantial</sup> debt. *(Treas.)*

*and the government also!!!*  
 We have been paying down that debt -- and lower interest *(Treas.)* rates have helped us do it. *debt-reduction* The process is largely over, but *it has slowed the economy down and* 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, (Treasury) lenders are cautious and, despite low rates, <sup>many</sup> small businesses <sup>and others</sup> 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.

(Treasury) wrong theme -- just use the statistics

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.

(Treas.) Don't use miserly index -- there is plenty of misery real or perceived.

(Treas.)

Inflation stands at about three percent. *compared to*          % in 1980.  
 Interest rates are at a twenty year low *and are only one*          of what they were in 1980.  
 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, *or added a Japan.*

(Treas.)

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.

(Treas. insert)

*Most important -- ~~we are~~ making progress in carrying out the necessary structural adjustments -- businesses have slashed operating costs to restore competitiveness and investment in capital goods is picking up. As we transfer resources from the Cold War to economic competition, America is well positioned for the future.*

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. <sup>Ours!</sup> There is a conservative agenda for helping people, <sup>(Trans.)</sup> 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 <sup>same comment as before</sup> 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.~~

Uruguay Round of (USTR)

(USTR)

(Holiday)  
Need to  
relate  
this to  
jobs --  
more  
money  
to  
workers

Our goal ~~is to develop~~ <sup>are to strengthen</sup> the multi-lateral trade system by ~~developing~~ <sup>market opening</sup> strategic network of ~~agreements~~ <sup>finishing</sup> 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. <sup>the Uruguay Round</sup>

and to  
continue  
to  
develop  
a

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. high wage jobs

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 → creating \_\_\_\_\_ new jobs. (holiday)

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~~ <sup>running a business</sup>, trying to meet a payroll.

(holiday)

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. *(Holiday)*

If capital were more abundant, ~~labor~~ *more jobs would be created and* 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. *(Treas.)*

*this specific is not necessary in this speech.*

Those are the fundamentals. I also see ~~three~~ *four* other ways to sharpen the competitive edge of American business and unleash *job creating forces:*

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

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

-- and ~~third~~ *fourth*, 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. *(Treas.)*

*...third, modernize our banking and financial services sector so business and people can have access to capital;*

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.

(Tues.) ✓ Economic security <sup>also</sup> requires ~~another~~ 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 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 <sup>themselves and</sup> 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. (Trans.)

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,

(Holiday)  
too  
pejorative  
suggests no  
character  
of people  
who find  
themselves  
in  
difficult  
straits

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

*(Holiday) needs more on deficit reduction*

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.

*→ same comment as before*

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. (Holiday, Treas.)

Here, then, is my Agenda for American ~~Renewal~~ <sup>the Second Century.</sup> 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.

see Tregs. comment on p. 4

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.

Gary Blumenthal

The first one and one-half pages are meaningless gobbledygook. It puts audiences to sleep. Come out firing.

Top of page 3  
first para.

Drop Wall Street dig and attack Clinton instead. Point out that his opponent does not believe that capital can flow down. He doesn't trust the holders of capital to make the right decisions. He announced he would create "manufacturing extension centers" to pick the technologies companies should use. It is exemplary of the philosophical divide -- Clinton believes government has to be involved in deciding how capital is directed.

second para.  
describe it as "latest fleeting theory" of some pop-culture academic.

fourth para.  
This is a good summary paragraph that should be up front.

Page 4

Para. 2

\$10 trillion by the early years of the "next" century. Totally incredible--This sounds like his claim to create 30 million jobs.

Para. 4

Clinton said yesterday he would transfer another \$2 billion from DoD to small business. No one should be trusted with the defense transition who is fast with the downsizing and loose with the resulting budget savings.

Page 5

Para. 1

He should say "I" worry about their health care and pensions.

Para. 2

He should point out that downsizing debt was essential, that it has been good for the nation, that it causes sacrifice, but it has now poised us for renewed expansion.

Para 3 and 4

This is such an incredible opportunity to slam the Democratic Congress that I am appalled its not in here. The commercial banking system was facing an S&L type crisis and the Democrats caved to lobbyists and only passed half the necessary reform at best. Slam the Dems.

Page 6-7

Good economic positives

Page 8-9

Para. 1

needs to contrast this perspective with that of his opponent  
Rest trails off into a stream of foreign policy consciousness

Pg. 11

Preparing our children--he needs to differentiate his job training and education with Clinton's

Page 12

Good stat on Chicago teachers sending their children to private schools. This whole speech needs a sound byte scrub--make sure they are strategically placed and emphasized.

Page 13

Again, he needs to point out what Bill Clinton's party has done with enterprise zones. It is an absolute unconscionable and unforgiving that they have held his economic proposals and consequently the nation's economic well-being hostage for their own greedy political gain (that was my stream of partisan consciuousness!).

The rest of this speech contains some good lines but like the government, it needs to be downsized!

It is important to point out that  
temporary designer  
economic decision-making

Department  
of the Treasury

to: \_\_\_\_\_  
Room 3445 MT  
Washington, D.C. 20220

room: \_\_\_\_\_ date: \_\_\_\_\_

I would call particular attention to the point on page 4 about increasing GDP to \$10 trillion. Nominal GDP is currently about \$6 trillion and real GDP (87-\$) is almost \$5 trillion. The speech does not say whether the goal is to raise real or nominal GDP. In either case, it will require far higher growth rates than we have had in recent years. Either way, whether we are talking about real or nominal dollars, I fear that markets will view this pledge as inflationary. Moreover, there is no doubt that the press will compare this promise to the 1988 campaign promise about creating 30 million new jobs--which obviously will not happen. Given these risks, I believe this section should be deleted.

Bruce R. Bartlett  
Deputy Assistant Secretary  
for Economic Policy  
\_\_\_\_\_  
phone (202) 622-2210  
Fax (202) 622-1294

Department  
of the Treasury

to: \_\_\_\_\_  
Room 3445 MT  
Washington, D.C. 20220

room: \_\_\_\_\_ date: \_\_\_\_\_

I would call particular attention to the point on page 4 about increasing GDP to \$10 trillion. Nominal GDP is currently about \$6 trillion and real GDP (87-\$) is almost \$5 trillion. The speech does not say whether the goal is to raise real or nominal GDP. In either case, it will require far higher growth rates than we have had in recent years. Either way, whether we are talking about real or nominal dollars, I fear that markets will view this pledge as inflationary. Moreover, there is no doubt that the press will compare this promise to the 1988 campaign promise about creating 30 million new jobs--which obviously will not happen. Given these risks, I believe this section should be deleted.

Bruce R. Bartlett  
Deputy Assistant Secretary  
for Economic Policy

phone (202) 622-2210  
Fax (202) 622-1294

EXECUTIVE OFFICE OF THE PRESIDENT

09-Sep-1992 05:09pm

**TO:** Claire F. Turney  
**FROM:** Gregory H. Fitch  
Office of Communications  
**SUBJECT:** DETROIT SPEECH

This is not a substance criticism, but a minor point: I thought the reference to the "lines being longer at McDonald's than at Lenin's Tomb" seemed a little too flippant for such an important speech. Previous line refers to "American values" being ascendant in Eastern Europe, too, so McDonald's reference seems out of place for this reason too.

I appreciate the opportunity to read the speech though...

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"/>	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"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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:

PHILLIP 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: 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

n.b. these are smart economics  
but also important confidence  
builders

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?*

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 <sup>rigid</sup> old-style hierarchical organizations to so-called flattened pyramids, emphasizing a <sup>flexible</sup> 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 *most* 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 <sup>innovative</sup> 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 <sup>in America</sup> is directly tied to exports. The crops sown from one out of every three acres of <sup>American</sup> 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 <sup>highlights America's</sup> discovered many weaknesses, <sup>not her</sup> very few strengths. ~~Of course,~~ <sup>Stet</sup> 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.

How is this accurate in the face of record American exports? Slow growth abroad should mean slow American growth right?

do a summation graph here - So they are the changes - end of the Cold War, Restructuring of our industries, increased debt, ...  
during a political campaign  
my focus has always been to find ways

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 <sup>have</sup> 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 <sup>a lot</sup> 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~~ *define* 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.~~

*Real competition at the secondary school level will do ~~it~~ for ~~us~~ ~~with~~ our schools ~~the~~ what ~~the~~ OF bill did for colleges and universities make them all improve.*

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 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 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. *In other words there would be more jobs created.* Wages would rise, unemployment lines would shrink.

That is what I want. *When I hear about my opponents economic outlook it's clear he's never tried to create a job. He would add taxes to America's already overburdened payrolls. In other words he would tax jobs.*

~~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.

*job. He would add taxes to America's already overburdened payrolls. In other words he would tax jobs. You cannot create jobs by taxing jobs. My approach is different.*

Most Americans at one time or another get to experience the legal system - whether its over the state lawsuit or a divorce or an accident. And I guarantee you when all was said and done most people say "The only ones who won were the lawyers!"

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~~ <sup>Americans know we</sup> will never lead the world in the 21st Century until we learn to sue each other less and care for each other more.

Needs a little expansion - make it real.

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,

*Segue*  
*Government*  
*certainly has*  
*an important*  
*role.*

*ministry,*

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.~~

*requiring the taxpayer get his money's worth from the productivity of his employees  
too negative  
i.e. federal workers.*

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 <sup>every man or woman in</sup> Congress~~men~~, spending is power. ~~and~~ <sup>Raising more</sup> 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.

*That's why*  
*Raising more revenues - meaning taxing people more doesn't alter that fact.*

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.





OFFICE OF THE SECRETARY  
U. S. DEPARTMENT OF EDUCATION  
400 Maryland Avenue, S.W.  
Suite 4181  
Washington, D.C. 20202

Telephone: (202) 401-3000

Fax Number: (202) 401-0596

FAX COVER SHEET

MESSAGE

TO: Paul Korfanta

FAX NUMBER: 466-2223

FROM: Mary Aultm

- Sorry this is so late !

**INSERT A:**

But if you think money alone is the answer--think again. As a nation, only Switzerland spends more per student on elementary and secondary education. [Source: POTUS speech; Norristown, PA; 9-9-92]

**INSERT B:**

Four years ago, I said I wanted to lead a revolution in American education. Today, I come before you to report -- the revolution is underway. [Source: POTUS speech; Norristown, PA; 9-9-92], In 1990, I worked with all 50 governors and we formulated six National Education Goals--this for the first time in our nation's history. Today seventeen hundred communities across the country are working hard to achieve those goals, as part of what we call AMERICA 2000.

With AMERICA 2000, there are really four revolutions happening at once: World Class Standards and voluntary national exams so we can tell how our children are doing. Greater flexibility for teachers and principals, because teachers don't need a federal recipe book. Break-the-Mold New American Schools -- schools that reject the status quo. And there's one final revolution underway -- school choice, giving all parents the consumer power to choose which schools are best for their children.

**INSERT C:**

The opposition prefers uniformity--"one-size fits all" service. I prefer a marketplace of opportunity. My opponent wants government bureaucracies to make choices. I want parent and families to make choices.

11

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 <sup>America's schools; yet today's schools,</sup> ~~our educational system. As in the past, education should be the better that children of modest means can obtain 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.~~

**INSERT A** → ~~Money alone is not the answer — the United States already spends more per pupil than any other country but Switzerland.~~  
(Attached)  
The answer is a radical overhaul of the system itself. If we want to change our country, we've got to change our schools.

**INSERT B** → ~~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.~~  
(Attached)  
Competition is the principle that must underlie education reform. And competition <sup>requires letting</sup> ~~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.

12

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. ~~My opponent prefers uniformity to variety and choice, relying on government bureaucracies to offer low-size-size all services.~~

SECT C  
(checked)

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 dependant 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.

WHITE HOUSE STAFFING MEMORANDUM

92 SEP 9 P5:28

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"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<del>HOLIDAY</del>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>KAUFMAN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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:

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.

*Need more interest in Detroit education*

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.

*The 2nd Century*

*or  
Amex  
Other  
than  
Renewal  
Fund  
Club*

*We -* *bring down*  
*him to the people -*  
*2 not* *putting up*  
*himself*

~~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.

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

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. *(win what?)*

Our renewal depends on economic growth -- but growth not for *the peace* 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

Don't need -  
won't be understood  
linked to  
job  
project  
agenda  
claim

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 <sup>next</sup> 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.

and the  
Government!!!

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,

*needs to relax this to make more money to the worker*

*creating — new jobs*

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~~ <sup>running a business</sup> ~~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, <sup>more jobs would be created</sup> however, labor would become <sup>and</sup> 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 <sup>and unleash job creating forces</sup>

-- 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,

*too  
degenerate  
suggests  
no  
character  
of  
people  
from  
the  
difficult  
parts*

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

*more heads  
down on  
reform*

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 <sup>the second</sup> my Agenda for <sup>restoring</sup> 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.