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THE WHITE HOUSE

Office of the Press Secretary  
(Akron, Ohio)

For Immediate Release

September 26, 1990

REMARKS BY THE PRESIDENT  
TO VOINOVICH FOR GOVERNOR FUNDRAISER LUNCHEON

Tangier Restaurant  
Akron, Ohio

12:07 P.M. EDT

THE PRESIDENT: Alex, thank you. Thank you all. What a great welcome back to Akron. Same place -- a couple years later. Thank you all very, very much. (Applause.) Thank you, Mayor -- soon to be Governor -- Voinovich. And Janet, Barbara sends her love. She looks forward to being with you. I don't know whether it's next week or when it is, but she'll be out here to show not only support for the ticket, but to show the affection that she and I have for you and George.

To Mike and Fran DeWine, we wish you well. I can't wait for the day that you are lieutenant governor, but I'm going to be disappointed to have you leave the House of Representatives that you served so very well, indeed.

And, of course, it's like old home week here with Alex -- your Alex, mine. (Laughter.) One of the great political leaders -- and I mean this -- is a former national chairman who, himself, studied under Ray Bliss of Akron and still has great affection in his heart for Ray Bliss. They don't have many political leaders like Alex around this country. And he's good and he's honest and he's decent, and I get fired up every time I'm around him. Alex, thank you for this wonderful event here today. (Applause.) Alex Arshinkoff. (Applause.)

And while we're at it, I want to salute our State Chairman, Bob Bennett over here. The state party has never been more vibrant or supportive of these candidates. (Applause.) Bob, stand up there.

And Senator Roy Ray, one of 10 Republican state legislators out of 3,000 in the country to win the prestigious Legislator of the Year Award. Roy. (Applause.) There he is, right there.

And I want to put in a plug right at the beginning for the strong state ticket we've got. And one of those members is with us today -- I think the only one. If I'm wrong, somebody holler, but Jim Petro, who's running for auditor, standing right here. And it's a very important position -- (applause) -- because it has a lot to do with the redistricting. And we want a fair redistricting, not just in Ohio, but all the way across this country. And his election can contribute to that.

As for Paul Mifsud, over here, who's running the Voinovich campaign -- he's the guy that suggested I meet Gorbachev in Malta. (Laughter.) He's from Malta, you may know. And people are still throwing up over there because of the weather. (Laughter.)

You know, there's a handful of people across the country to whom Barbara and I always will be indebted for the marvelous opportunity to serve in this office that I have now. And one of them is Paul. And he's worked very, very hard, always helpful to me and,

MORE

of course, always at George Voinovich's side. So you've got a good team.

I want to apologize for a very close member of my family who couldn't make it today. As it turns out, Millie is on the road, promoting her new book. (Laughter.) Our springer spaniel. I told them last night that her celebrity status has gone to her head. I gave her a bowl of Alpo and she asked to see the wine list there at the White House last night. (Laughter.)

But, look, enough of this. If I seem a little relaxed, it's because you have a wonderful way here in Akron of making a person feel at home. And I really am delighted to be back here, in a state that Barbara and I feel we know very well, indeed. For us, Ohio means Dayton, where Barbara's parents lived; Miami, where both Bar's mother and dad went to college. For me, Columbus, where my father was born and where he grew up. It also means many other things, having campaigned extensively in this state: small-town boulevards of Lima, busy streets of Cincinnati -- I've probably been in Hamilton County as much as everybody in this room put together. It seems like it. And then, of course, the fibrance and the factory yards of Akron and farms nestled in the Appalachian foothills along the Ohio River.

So I mention all this because to know the diversity we call America, you really just have to get a feeling for the State of Ohio. So it should come as no surprise that I've been looking forward to coming out here to say a few words about an Ohio leader who revitalized your neighboring city of Cleveland, taking it from the gloomy and dark days of ridicule and despair, and bringing it into the bright light of achievement and respect. I didn't come out here to talk about Bernie Kosar, incidentally. (Laughter.)

I'm here to show my support for an Ohio leader -- a great Mayor, soon to be a great governor -- and I'm talking about George Voinovich. (Applause.) I think all Ohioans, regardless of party, -- agree that he's already demonstrated this uncommon ability we're talking about in his three terms as Mayor of Cleveland. Little wonder, then, that George often says that Cleveland "is off the rocks and on a roll." Now he wants to do the same for all of Ohio. And make no mistake, after eight years, Ohio needs this Voinovich leadership and this Voinovich integrity in the governor's office. (Applause.)

For years now, you as Ohioans, and some of us from outside have been reading the investigative journalists' reports detailing the cronyism, the political favoritism, the taxpayer rip-offs that have taken place in this state. And at least one candidate for governor has had enough. Here's what George Voinovich says. "State government needs a thorough housecleaning, a gust of fresh air." And I can guarantee you he'll do that for the state. (Applause.)

So this campaign is about the future of Ohio -- an Ohio whose natural beauty is preserved for future generations. An Ohio that empowers people and not the bureaucrats. An Ohio that leads this country -- and you heard him commit to this -- to education reform, to keep America competitive, and to give our children a better future.

Both George and I believe that when we ask more of our kids, they'll respond. So will our teachers and our schools and our parents. And, yes, our elected public officials.

With his "Schools First" policy, George would upgrade the entire Ohio educational system while rewarding outstanding teachers and excellent schools. And he has embraced fully the goals of the Charlottesville Educational Summit that I convened last year because, he says, "these goals are right for the entire nation and for Ohio."

And the first goal of all is that George and I want our schools to be free of violence and drugs. And we must work towards

that end. There's also the heartfelt goals of our Congressman here -- Congressman Mike DeWine, who's been a leader in shaping the antidrug laws for the nation as a member of the United States Congress. And I'm going to miss his advice, as I said, in Washington. Not only has he distinguished himself fighting this whole concept of illegal drugs and crime, but he's earned recognition from Watchdogs of the Treasury and the National Taxpayers Union, both, as a fighter for fiscal responsibility. This outstanding record of service to the people of Ohio at county and state and national levels makes Mike DeWine the right choice for lieutenant governor of Ohio. And we urge your strong support for the ticket. (Applause.)

Let me just take a minute to address a couple of other matters important to the people of Ohio; but also to the people of our entire country and, indeed, to the world. This is, indeed, as George pointed out, an extraordinary moment, a moment when our national will is being tested both at home and abroad.

We can meet the test at home -- I'm confident we can meet it. But what we must do is first put our fiscal house in order. And right now, at this very minute, we are coming down to the wire in Washington. The final few days of the fiscal year. You remember, the new fiscal year starts October 1st, the way the federal government keeps its books. So we're right down at the end of the old fiscal year, coming to the new one. Final few days. And still, we do not have an agreement in hand to bring this deficit down. It's up there in the Congress right now. We sent a proposal there months ago. Five days from now the ax falls. An automatic mandated sequester that will cut \$100 billion from the federal budget.

A cutback of this scope is going to hit hard. And it's going to hit home. And it's going to hit many, many people. And here's -- let me give you a couple of examples so you'll understand when you hear that word what sequester means:

For air travelers it means big cutbacks in air traffic control and substantial increases in flight delays and outright cancellations.

For farmers it will mean that AFCS offices will close during harvest time. For meat packers, plants may close when inspectors fail to show up. For college students, it means an end to 1.2 million Pell grants -- 1.2 million eliminated outright. Add to that a 22-percent cutback in grants to another two million students.

In this very city, this means that the poor students, the poor kids will not be able to attend Akron University.

And let me tell you, the sequester is strong medicine. But it's medicine patented by the Congress itself. It represents the last attempt by Congress to cure itself of its feverish spending habits. And without an agreement, it is the only way for Congress to force itself to make the very necessary tough choices. It is the law of the land. And I took an oath to the Constitution to uphold the law of the land. And we've tried to do our part to solve this difficult problem. And I made a good effort -- good faith effort to reach a sound and sensible budget agreement.

Let me go back to the beginning. Back to February 1st when I sent a complete budget up to Capitol Hill. And back to April 1st when Democrats who controlled both Houses of the United States Congress missed the deadline to take action on that budget -- their own deadline, spelled out in their own rules for the Congress. A month later in May I convened a budget summit, recognizing we only had a few months to go to this October 1st that's now a few days away. We wanted to jump-start the process.

And at the end of June when the talks bogged down, I made a concession demanded by the Democrat leaders to get Congress off dead-center. And I put it all on the table. Even taxes. And I took a lot of political heat coming out of the Democratic Party and the

Democratic leaders. They had a great bunch of joy out of all of that. And then in July, when both sides pledged to exchange comprehensive budget plans, the Democrats delayed while we delivered.

And all through the talks, for 135 long days, time and again I've gone the extra mile, and I think the Republicans in the Congress have gone the extra mile. And each time the other side says, it's still your move. It's still your move.

Well, that's not just our move anymore. And if and when the ax falls, the Democratic Congress knows that it will be held accountable. And I will take that message to every state in the Union. It is their fault for holding up getting a budget agreement. (Applause.) I've sat on my hands; I've suffered the slings and arrows that I expect from the political process. But I have a podium, too. I have a bully pulpit, too. And I'm going to see that it is not printed one side of this story, one Democrat after another knocking my socks off on Capitol Hill.

The American people want a budget agreement. They know who controls the Congress, and they want them to deliver a budget agreement to get this deficit down. (Applause.)

Let me come again at you. It goes well beyond political rhetoric. It's one of the great economic challenges that our country has faced. It is important to get a solution. But the threat of sequester doesn't change the fact that the fundamental test of any agreement is whether it sustains conditions for continued economic growth and job creation. And that's why I've called on Congress to build a package of pro-growth incentives into a budget agreement. Incentives that create jobs and encourage aggressive competitive R&D that sustain growth and steer this economy clear of recession.

And, yes, that's why I will continue to push hard for incentives for capital investment. In this global environment, many of our fiercest competitors are way ahead of us in promoting the savings and essential investment opportunity to success in the international marketplace.

And contrary to what you may have heard, the hang-up is not capital gains. The hang-up is with the Democrats on Capitol Hill. And we're still waiting for the Congress to come up with enough real spending cuts -- cuts that are enforceable, not just another empty promise of future savings -- a promise waiting to be broken. And we're still waiting for Congress to commit to meaningful budget process reform -- reform that builds real discipline into the budget process.

The American people are not dumb. They know, as they watch the Congress, that the budget process is a mess and it must be fixed once and for all. (Applause.)

We're going to bear the heat here. The last thing we want is for the year's budget fiasco to become next year's instant replay. So today, I say this to the United States Congress: Keep those lights burning on Capitol Hill if you have to. But before that deadline passes five days from now, let's reach the agreement that the American people are waiting for. No quick fix, no deal to delay these difficult budget decisions until after the election.

Yesterday, one of the powerful committees controlled by the Democrats voted on party line to delay the solution. Kick it on down the road. Don't make the tough decision today. Well, I'm going to stand in the way of that plan, if using every ounce of pressure I have, including the veto, to see that that does not happen. No quick fix, no delays.

October 1st is the zero hour, and it's real. We've got to prove to the American people once and for all that we can come together to deal with this deficit. There have been times when the cooperation has been good and, frankly, I'll be honest with you. I think the leaders -- the two or three top leaders on the Democratic

side have tried pretty hard on this matter. But that's not enough. That is not enough. The control lies there, and the responsibility to come forth with an agreement lies there.

Congress should listen to men like Mike DeWine, members like he. Lynn Martin who is with us here today, who is running over in Illinois and others, who say it's simply outrageous that important government services be jeopardized because Congress cannot do its job and pass a budget with the necessary reductions.

Reaching an agreement is critical. It really is. And we simply cannot fail to put our fiscal house in order. Especially now with the challenge that we're facing over there, halfway around the world in the Persian Gulf.

Emotions in the budget debate, as I report to you today, I can tell you, are running high -- they're running very high. You haven't heard much out of me on this. I've waited in the wings and tried to conciliate and, as I told you, I think I've given a great deal. But no matter how heated the exchange of words may be over the budget, we need to -- and I will do this -- continue to maintain a bipartisan spirit in support of America's response to Iraqi aggression. I would be remiss if I didn't tell you, I am grateful in this -- this Vandenburg concept of partisanship ending at the water's edge, that the Democrats and the Republicans in the House and the Senate are pulling together. And I'm grateful to the Democratic leadership for the support that they have publicly given -- what this country is trying to do in the Middle East.

I am often asked when we can bring our kids home, some still arriving. But I can understand that from parents and loved ones here in this country -- the concern they feel about our men and women that are serving over there. The answer has got to be general. It's got to be as soon as possible -- every single one of them -- but when the job is done.

Certain objectives have to be met. Iraq must withdraw from Kuwait, without condition. Aggression, unchecked today, will rear its ugly head tomorrow. Kuwait's legitimate government must be restored. The security and the stability of this vital area, an area that affects the lives of every American, must be assured. And American citizens abroad, those held hostage in this brutal, shielding technique that Saddam Hussein is using, must be protected.

But we have another, final objective -- to create a new partnership of nations. A new world order -- that is free from the threat of terror, stronger in the pursuit of justice, more secure in the quest for peace.

These are our objectives, and those of the United Nations Security Council and our allies. There are many, many countries to whom I am extraordinarily grateful for this tremendous cooperation. West Germany has pledged to support the mission with almost \$2 billion, and provide ships and planes, while Japan has pledged a package worth more than \$4 billion. France added another 4,000 troops. And Great Britain is sending 120 tanks, 6,000 troops, the famous Desert Rats. Those of us who are old enough to remember World War II will recall. So really -- and we're side-by-side in the soil there with Egyptian troops and Syrian troops and other Arab troops. It's truly Iraq, then, against the world.

The world is simply standing up and telling Saddam Hussein: We will not give in to intimidation.

Americans are showing their determination right here in Ohio. Look no further than Ashland University, to the father of a Marine stationed in the Gulf region, Professor Charles Brereton. Dr. Brereton published, in the school newspaper, a list of soldiers in his son Jim's Alpha Company weapons platoon. That one appeal led to a massive outpouring -- a flood -- of letters and hometown papers and care packages.

This is just one way -- tiny way, perhaps -- but it's one way that Ohio is sending a message to the Americans stationed in the Middle East. That message is a simple one: We're with you all the way. And another thing: Support for our mission is strong -- bipartisan in the sense of what Senator Vandenburg meant. For those of us at home, we believe that the best way we can serve our country is to debate and campaign, and be the best Republicans and Democrats we can be. But we cannot allow our political life to be held hostage to a foreign crisis.

When Ohioans go to the polls, absentee ballots will be streaming in from Americans in uniform, including those stationed in the Persian Gulf. If our soldiers, sailors and airmen and Marines can find the time to vote under such difficult circumstances; I hope America can count on all Ohioans to get out there and vote.

And when you do -- let me end it this way -- when you do, I hope you, and thousands like you around this great state, will make George Voinovich the next Governor of Ohio.

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

END

12:31 P..M. EDT



California  
Republican  
Party

# news!

FOR IMMEDIATE RELEASE  
OCTOBER 8, 1990

CONTACT: DAN SCHNUR  
818/841-5210

BART SIMPSON OFFERS FEINSTEIN POINTERS ON PROPER CRIBNOTE TECHNIQUE  
ANIMATED FUNDIT SAYS THAT DEMOCRAT WAS 'WAY TOO OBVIOUS, DUDE'

BURBANK -- Noted political pundit and spin doctor Bart Simpson today criticized Democratic gubernatorial nominee Dianne Feinstein for her performance in last night's debate, saying that the former San Francisco mayor's reliance on cribnotes was "way too obvious, dude!" According to several observers, including the Los Angeles Times, Feinstein repeatedly referred to notes written on her hand in ink throughout the debate.

"If you're gonna use cheat sheets, man, use 'em right. If she tried that in my school, she'd have two weeks of detention," said Simpson, who specifically criticized Feinstein's sloppy technique and poor timing in referring to her notes. "You can't check your notes while everybody's looking or you're gonna get caught."

Simpson offered Feinstein several other pointers on more sophisticated brands of cheating, suggesting notes fastened to the inside of a shirtsleeve, rolled inside of a hollow pen or pencil, or taped to the inside of a shoe as possible alternatives. Simpson dismissed the infamous "cough method" as impractical except on multiple choice tests, but suggested a small radio transmitter and earpiece as another, less obvious, possibility.

"The best is taping the notes in your shoe, dude," said Simpson, who also used the opportunity to announce his opposition to Propositions 128 and 134. "You can take your shoe off and look down at the notes, and nobody notices."

Simpson also expressed discomfort at Feinstein's refusal to endorse Proposition 140, the so-called Schabarum initiative that would limit the number of years a member could serve in the state legislature. He dismissed arguments that imposing term limits would be, in the words of the initiative's opponents, "throwing the baby out with the bathwater."

"Hey, man, there's nothing wrong with tossing a baby out once in awhile. I do it all the time," he said, pointing threateningly to sisters Lisa and Maggie. "When the water's that scummy and the baby isn't that great a kid, it's not that big a deal."

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(A copy of the pre-debate agreement between the two campaigns has been attached.)

## THE DIFFERENCES BETWEEN REPUBLICANS AND DEMOCRATS ON SOCIAL POLICY

This memorandum lists several ways in which the Republican approach to social policy differs from the Democratic approach. In each area, we can frame the debate so as to get the majority of voters on our side.

In general, we should identify the Republican Party with what Jim Pinkerton calls "The New Paradigm," a model of thought that stresses innovation and empowerment. We should identify the Democrats with "The Old Paradigm," which emphasizes paternalistic government control.

There are a number of exceptions to the picture drawn below: on any given point, there are Democrats who embrace the New Paradigm. For instance, Democratic Governor Rudy Perpich of Minnesota support school choice. By and large, however, these distinctions do mark the overall differences between us and them.

### 1. Market Forces.

The New Deal generation grew up with the Depression and thus came to think that society's biggest problem is market failure. The post-New Deal generations grew up with the disaster of the Great Society. Although they are hardly blind fans of business -- witness Nader's popularity -- they distrust big government's ability to manage the economy. For voters in their 30s, the failure of big government became personal and tangible with Carter's double-digit inflation.

The Democrats believe in administering prices and terms of trade. Republicans believe in market forces. This does not mean retreating to *laissez-faire*, but instead devising market-oriented, non-bureaucratic solutions to public problems.

#### Democratic Way

Rigid command & control  
environmental regulations

Urban renewal: gutting  
neighborhoods and warehousing  
the poor

Protectionism

#### Republican Way

Market-based environmental  
policies (e.g., emissions trading)

Enterprise zones: building  
neighborhoods and providing  
opportunity

Free trade

## 2. Individual options and empowerment

The New Deal generation grew up worrying about economic survival. They did not have the luxury of choosing among a wide array of foods, garments, etc. The post-New Deal generations grew up expecting more than "one-size-fits-all."

The Democrats believe in government monopolies, in which bureaucrats decide what goods and services to provide the people. Republicans believe in giving people a wider range of options, and in helping them get the means to exercise those options.

### Democratic Way

Mandatory school assignments

Child care bureaucracies

Traditional public housing

### Republican Way

School choice

Family and religious-based child care

Tenant management and ownership;  
housing vouchers

## 3. Decentralization

From the 1930s to the 1960s, Washington, DC was the hometown of positive change. The state capitals were dominated by backward-thinking hacks. Today, innovations are coming from Sacramaneto and Springfield. Washington is the home office of reaction, not action.

Democrats believe in running things from Washington. Republicans believe in dispersing authority to the level closest to the course of authority.

### Democratic Way

Centralized control of schools

Transportation plans micro-managed from Washington

### Republican Way

Control of schools by parents and localities

Encourage state and local experiments in toll roads and telecommuting

## 4. What Works: Quality, Not Quantity

In 1986, Lee Atwater told a Cato Institute conference: "Bigger is not better anymore -- better is better. That's one of the things that the [1984] Hart campaign understood very clearly ... [T]here is a new drive for true excellence in this country that's very important." Both as consumers and voters, Americans of the 1990s are seeking value.

Democrats emphasize input: they judge how well we do by how much we spend. Republicans emphasize outcomes, judging by the quality of results instead of the quantity of dollars. Democrats see paperwork as an end in itself. Republicans see it as an obstacle to progress.

Democratic Way

Republican Way

Appraising education by dollars spent

Appraising education by performance testing

Automatic promotion of bureaucrats

Competence testing

Credentialism

Alternative certification of teachers

5. Accountability

The logical consequence of big-government paternalism is that no one is accountable for his own behavior. All problems are the fault are a vague "society." The logical consequence of individual opportunity is that rewards and punishments should go to those who deserve them.

Democratic Way

Republican Way

Drug abuse is an illness: emphasis on treatment

Drug abuse is a crime: while not neglecting treatment, emphasis on user accountability

Crime is society's problem: rehabilitation and furloughs are the answer.

Crime is caused by criminals: the answer is tough punishment, including the death penalty.

1ST STORY of Level 1 printed in FULL format.

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Federal News Service

AUGUST 22, 1990, WEDNESDAY

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PRESS CONFERENCE WITH REPRESENTATIVE NEWT GINGRICH (R-GA)  
HOUSE RADIO AND TV GALLERY

KEYWORD:

GINGRICH-08/22/90

BODY:

REP. GINGRICH: I'm going to give a speech at Heritage tonight, and for a variety of obvious reasons we decided it'd be better to brief some of you earlier than 6:00.

And essentially, what I want to talk about at Heritage is that, from a conservative standpoint, it is amazing how little things have changed from the time Goldwater wrote "Conscience of a Conservative." If you read his introduction it almost reads like Washington, DC in 1990. Or if you read the original Reagan nation-wide speech in October of '64 in which he begins by saying he's going to talk about controversial things, that we're still involved in the same struggle.

And one of the reflections I had on leaving Washington for August and thinking about the budget summit was how much we had failed to frame reality in Washington for the average American and how confusing it must see to watch us up here as we fumble around. And I'm going to outline this evening where I think we're at in terms of what our goals ought to be from the conservative movement standpoint and the Republican party standpoint, goals in terms of the country at-large, which essentially is to replace the welfare state rather than to prop it up, to offer very dramatic new solutions of which things like the voucher program in Milwaukee for public school students -- the (Paula Williams?) program is only a minor example. Second, that we are in the business of trying to shape the most growth-oriented and energetic possible private sector. And third, that we are in favor of reestablishing basic American values and reshaping the tax code in that direction.

I'm going to ask your indulgence to read now -- I'll try not to bore you too long. But I wrote a letter to my constituents that we're releasing and we're going to send out to all of my supporters that sort of explains where I'm coming from, and then I'm going to apply it directly to the budget summit and to where we're going here in September.

"Dear Fellow Citizen. The challenges we face here at home are just as real, just as difficult, and in the long run possibly even more dangerous to America's survival than Saddam Husayn and the crisis in the Persian Gulf."

"Drugs and violent crime, the decay of educational standards, the destruction caused to the poor by our current welfare system, the increasing cost and problems of health care, the inefficient, rigid, red tape bound, bureaucratic system that dominates government at all levels, the collapsing morality of elected officials at all levels as money politics corrupts and destroys citizen politics, and the constant tax increases required by the bureaucratic welfare state, all combine to form a threat to our survival as a prosperous free

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country offering hope and opportunity to all its citizens. The American dream we have known is literally at stake."

I am writing to you because I believe we face a real turning point in our country. Our young men and women in uniform are going to the Middle East to defend our country. They are volunteers risking their lives for America. We have an equal obligation to spend our time and resources improving our country. We should invest as much courage in the struggle to create a safe, prosperous free America as we expect these young people to show in defending America. I believe there are five key goals which should focus our effort:"

"First, we must insist on integrity in government. Second, we must demand physical safety as a vital obligation of government to its citizens. Third, we must keep the economy growing to create new jobs and higher take-home pay. Fourth, we must invent and implement a replacement for the collapsing bureaucratic welfare state in education, welfare, health, litigation and the environment. Those systems are red tape now waste money, time and other resources. Fifth, we must reestablish the priority of the family budget over the government budget. You should have first claim to the money you earn for your family, while politicians should only seek taxes after they eliminate the waste, inefficiency and political spending which characterize so much of modern government."

Now the rest of the letter goes on for five pages, and Tony -- (last name inaudible) -- will be glad to get you copies. I'm not going to bore you with all of it. But what I want to suggest to you as a framework is very simple. The average American understands that Washington is not working, that the Congress is not working. They are faced with the spectacle of all of this preparation for a sequester at a time that their congressmen are engaged in business as usual.

I met this morning with the senior federal executive branch people in Atlanta and began to walk through what would five days of furlough mean without pay? And the absurdity of thinking that congressmen are going to get paid regularly, that the Congress is going to go on with business as usual, but we're going to ask the average federal worker to take five days furlough without pay in a month -- it's nonsense.

And I came back here tonight to go to the Heritage Foundation to say that we have an obligation. Our obligation is, first, to tell the truth about a Congress that is not succeeding, and a Congress that, frankly, deserves repudiation. It is, second, to insist that the budget summit produce a real result that meets the values of the American people who have in six consecutive elections defeated the left. And if you look at Jimmy Carter's rhetoric in '76 it was clear he ran as a non-left wing Democrat against the left.

So there have been no presidential elections since 1964, since Lyndon Johnson, in which the values of George Mitchell and Tom Foley have won -- none! And yet we wander into a summit as though automatically we should start negotiating from a premise that since they are dominate in the capital they will dominate the country.

And I favor strongly a successful budget summit. But I think it's going to be a very difficult summit, I think it's going to be a summit that has to focus on real change. And my concern is, as we face that summit, that we have an economy which is succumbing to a recession which I believe Senator Mitchell has, frankly, been planning for and which I think his behaviors have clearly helped lead to.

When the Democrats in the Senate killed the capital gains bill last year they weakened the economy. We now know, based on all sorts of press reports, that the Democrats in the Senate had a deliberate strategy of not reaching a budget agreement in June or July, and they've said so. They've almost gloated over

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to today, it's \$6,300 per child. When you also recognize that in 1947 the top Social Security tax was \$30, you understand the kind of pressure we put on people who have families given our current deduction and the current cost of Social Security taxes.

And so I think that as a step both towards stimulating the consumer, increasing the resources available for children and for families, and as a step back towards the values I think that we believe in, we should insist on passing a dramatically larger deduction for children. And I just dubbed it the "Harry Truman child deduction" because it should be designed to get us back to the pro-family, pro-child bias of the tax code of the late 1940s.

Finally, I would suggest the following, that a number of us who are working on a finalized package on tax cuts -- a number of us will be announcing the details next week, and I think you'll see support all over the country, at least on the Republican side, to avoid a recession and to avoid putting Americans out of work. We will challenge the Democrats to make this the first order of business when we come back.

I would look forward to going into the budget summit, where I am committed to trying to get to a 5-year package at about \$500 billion in real change. I would hope that everybody in the summit would agree that avoiding a recession is a necessary precondition to having a successful economic package, and I would hope that would become part of the summit agreement. If, in fact, we see the same foot dragging in the summit that we've seen all summer by the Senate Democrats, then I would hope that we would make this a precondition before we pass the debt ceiling on October 2nd.

But I think it's very, very important to send the signal to the American economy that we recognize that the world has changed since late May, we recognize that with the activities in the Middle East, with weakening in the economy, that we need to be aware of the danger of a recession. And I think this kind of a tax-cut package represents the best lessons of the 1980s and how you get economic growth, and it avoids the greatest dangers of the 1970s, which were to raise taxes going straight into a recession.

So I'll be glad to take questions.

Q Could you outline a little bit more of any specific -- you said you'll unveil the specifics next week --

REP. GINGRICH: Next week. Yeah, we hope to have an actual list of precisely what measures and exactly how -- and we hope to have, frankly, a number of members simultaneously releasing it.

Q Who is "we"?

REP. GINGRICH: I've talked with a number of senators -- Senator Kasten, for example, Senator Mack are both very interested in pursuing this -- a number of congressmen.

Q When the budget summit reconvenes, will you put this on the table --

REP. GINGRICH: Yes.

Q -- as a Gingrich plan?

REP. GINGRICH: Well --

Q And do you anticipate that the proposal that you will make will be at odds significantly with whatever other Republican budget negotiators will be proposing?

REP. GINGRICH: No, I don't think it will be a Gingrich plan. I think the details, by next week, will be a generally agreed upon plan of a wide number of people, maybe as many as 30 or 40 different people.

Q But are any of the others who would expect to agree to it, will they be budget negotiators?

REP. GINGRICH: I'm talking to several budget negotiators who are very interested in it.

(c) 1990 Federal Information Systems Corporation, August 22, 1990

it. And I share the frustration that President Bush expressed the other day -- that we've seen President Bush go to unusual lengths, do everything he could reasonably be expected to do, attempt to accommodate the Democratic leadership, and the result was not just that they stiffed the President of the United States, but that in the process they are following a strategy of taking the risk that Americans will be put out of work for the political advantage of the Democratic Party.

I believe there is a real danger of recession, and I don't think there's any point in playing games about that danger. It is a very real danger. The Wall Street Journal poll yesterday indicated that most Americans believe that danger exists. But you go back home and you leave Washington, there's a clear sense of that danger. And I believe that the number one goal of the Republican Party should be to help the country avoid a recession despite the Democratic leadership of the Congress. I believe that we should introduce a antirecession, antideficit package -- and I'll explain why I put those two together -- that that package should be based on the kind of tax cuts that we know historically have worked in the 80's and that they should be aimed at decisively stimulating the economy and increasing private sector activity.

The reason I lump antirecession, antideficit together is very simple. Ask anybody, whether it's the Congressional Budget Office, the Office of Management and Budget, or any outside economist, to look at the impact of a moderate recession on both the deficit and the cost of the RTC, the Resolution Trust Corporation. The fact is the government is the largest seller of property in America today. And if we have a recession and those property values drop, it is going to increase dramatically the cost of the savings and loan bailout.

If we have a recession, no matter what the summit agreement gets to, the fact is the deficit's going to balloon, because the recession cuts down on tax revenue as people are laid off of work and don't pay taxes, and increases in government spending as people go on unemployment and on welfare. So it is of vital interest of the American people and of vital interest of every person who's concerned about the deficit, to avoid a recession.

Specifically I think we need a tax cut package which is pro-savings, pro-investment, pro-housing, pro-poor people, pro-family and pro-jobs. There are some very specific pieces of that which I believe can be put together. Many of them already are in the Congress. I would suggest if you look at the Kasten-Mack plan for 15 percent capital gain with indexing, if you look at the proposal by Senator Roth for an IRA plus to allow every American to have a chance to have an IRA, which would be usable not only for housing -- I mean not only for retirement, but also for health care and for education. If you look at the plan by Bill Thomas and a similar plan by Mickey Edwards which would allow people to take their IRA or their Keogh plan and use it to buy a first-time home, including loaning it to their children and grandchildren. I mean, it would be a very powerful pro-family, pro-housing step to allow people, particularly in the housing market we have now, to take the money out of a retirement account without a tax penalty and loan it to their children or grandchildren to buy a first home. A proposal by Congressman Rangel and Congressman Archer to establish enterprise zones in low-income areas, both urban and rural. A plan by Nancy Johnson which would allow expensing on the first \$250,000 of business investment, which would be a very powerful incentive for more investment, a very powerful incentive for small business and, in addition, would help the small businesses who are subcontractors in defense retool and make a transition to non-defense industries.

And finally, I believe we should have as a stimulative step something which I would call the "Harry Truman child deduction." If you look at a child deduction from 1947, as a percentage of average income in America, and you translate it

# Withdrawal/Redaction Sheet

## (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Memo	Re: White House/ Congressional budget negotiations. (1 pp.)	07/16/90	<del>P-5</del>	

**Collection:**

**Record Group:** Bush Presidential Records  
**Office:** Speechwriting, White House Office of  
**Series:** Grant, Mary Kate  
**Subseries:** Subject File  
**WHORM Cat.:**  
**File Location:** Political - Fall 1990 [Voinovich for Gov., Budget, Drugs]

**Open on Expiration of PRA**  
**(Document Follows)**  
 By SN (NLGB) on 4/5/2005

<b>Date Closed:</b> 12/22/2004	<b>OA/ID Number:</b> 04422
<b>FOIA/SYS Case #:</b> S	<b>Appeal Case #:</b>
<b>Re-review Case #:</b> 2005-0482-S	<b>Appeal Disposition:</b>
<b>P-2/P-5 Review Case #:</b>	<b>Disposition Date:</b>
<b>AR Case #:</b>	<b>MR Case #:</b>
<b>AR Disposition:</b>	<b>MR Disposition:</b>
<b>AR Disposition Date:</b>	<b>MR Disposition Date:</b>

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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# Close Hold

MKG.

- o It is important to address the budget negotiations and budget deficit problem and the President's role head-on.
- o Basic strategy should be to put and keep the ball deep in the Democrat's/Congress' court. Keep the pressure on them to come up with their part of the deal -- "I did my part, now it's their turn." -- of the President's statement, remind them that the Democratic leadership agreed to it in the meeting and supported it later that day publicly.
- o The object is to get the press and the public to put the heat on the Democrats, to get serious about the negotiations and what they are willing to do on domestic spending, entitlements, and process reform -- the tough stuff for them.
- o Characterize the issue as critical to the health of our national economy, the welfare of the country and one that will have a direct effect on many individual citizens now and in the future. Don't use language that lets the press characterize this simply as a wrestling match between Republicans and Democrats.
- o Use the word "Congress" if you want to be a little less political and the word "Democrats" if you want to be more political.
- o The five points I used in Chicago are attached which is generally what I think the President should do.

7/16/90

# Withdrawal/Redaction Sheet

## (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Memo	Re: Five Points regarding White House/ Congressional budget negotiations. (3 pp.)	07/12/90	<del>P-5</del>	

**Collection:**

**Record Group:** Bush Presidential Records  
**Office:** Speechwriting, White House Office of  
**Series:** Grant, Mary Kate  
**Subseries:** Subject File  
**WHORM Cat.:**  
**File Location:** Political - Fall 1990 [Voinovich for Gov., Budget, Drugs]

**Open on Expiration of PRA  
 (Document Follows)  
 By SN (NLGB) on 4/5/2005**

<b>Date Closed:</b> 12/22/2004	<b>OA/ID Number:</b> 04422
<b>FOIA/SYS Case #:</b> S	<b>Appeal Case #:</b>
<b>Re-review Case #:</b> 2005-0482-S	<b>Appeal Disposition:</b>
<b>P-2/P-5 Review Case #:</b>	<b>Disposition Date:</b>
<b>AR Case #:</b>	<b>MR Case #:</b>
<b>AR Disposition:</b>	<b>MR Disposition:</b>
<b>AR Disposition Date:</b>	<b>MR Disposition Date:</b>

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Let me stop right here for a moment and address what I know is on a lot of your minds as you came to Chicago. That is the President's statement two weeks ago regarding the budget deficit and a potential increase in tax revenue. I think there are several points that need to be made and kept in mind as we think about the implications of the President's statement.

First, the President knows that good government is good politics and that there is no issue where that is more true than the importance of a strong growing economy. We have had 92 months of economic growth under Republican administrations. There would be no greater threat to the country, and to us politically, than to have that growth end.

The President believes that the budget deficit is the one thing that could threaten that economic growth and that is the issue that needs to be solved and solved this year.

Second, the President is the person who supplied the leadership to start these negotiations, has now taken the leadership to get them off the dime

and into a serious mode, and he will be the person who supplies the leadership to ultimately get a solution to this problem.

Third, the President was dealing with political reality. He said in his press conference two weeks ago that his convictions about taxes had not changed at all, but recognized it would be necessary to have some tax revenue increases in order to get a deficit agreement. Remember, he has said time and again that if Congress would give him a line item veto he would be happy to take responsibility for reducing the deficit and would do so without raising taxes. However, the political reality is that no package can be agreed on or get passed without agreement of the Democrats who control Congress.

Fourth, the President has put the ball deep in the Democrats territory. He has done the one thing that the Democrats have been saying he needed to do for over a year in order to get serious budget negotiations moving. Remember, the Democrat leaders last week agreed and supported the statement that not only included the

phrase, 'Tax Revenue Increases' which is what they wanted, but it included domestic spending cuts, entitlement reforms and budget process reform. Now the ball is in their court and as they come back to Washington, I think we will find the voters interested in what they are going to bring to the table in those areas.

Fifth, I know George Bush well and there is not going to be a deal that is not a good deal for the economy and the country. And that in the end will give this party a very strong record to run on.

Poll we had done:

President Bush said earlier this week that he and the leaders of Congress agreed that a solution to the budget deficit problem would have to include tax revenue increases, major cuts in domestic spending, reduction in the growth of entitlements, cuts in defense spending, and budget process reform. Do you approve or disapprove of the statement President Bush made?

Approve	58%
Disapprove	31

7/12/90

THE WHITE HOUSE  
WASHINGTON

Date: 8/1

TO: *May Kate Grant*

FROM: **JAMES P. PINKERTON**  
**Deputy Assistant to the President**  
**for Policy Planning**

*FYI to you + the  
speechwriters, for Gingrich.*

July 27, 1990

Woodrow Wilson once commented "you should never kill someone who is in the process of committing suicide." Maybe that explains the current Democratic budget negotiating strategy. Why do anything if the Republicans are willing to kill themselves?

Consider the following events:

1. The President calls a White House meeting to call for budget talks focused on economic growth. The news media focuses on taxes.

The Democrats do nothing.

2. The Republicans ask the Democrats to postpone appropriations bills as an act of good faith. The Democrats refuse and promptly start passing appropriations bills far higher than any summit can accept.

3. The President's staff submit a second budget focused on spending cuts.

The Democrats do nothing in the summit while continuing big spending legislation as usual in Congress.

4. The Democrats stall until the President calls a White House photo opportunity for Foley, Mitchell and Gephardt (Dole and Michel also attend) at which the President announces that tax revenue increases will be part of any agreement. The news media proclaims he is breaking his pledge on no new taxes.

The Democrats revert to doing nothing in the summit, defeat the balanced budget amendment quietly (with no active Presidential publicity for the amendment or against the big spending liberal Democrats who voted no) and continue to pass appropriations bills.

5. The Democrats stall and in desperation the President begins giving Foley, Mitchell and Gephardt daily photo opportunities thus elevating them in stature and respectability.

The Democrats do nothing but pass more spending bills.

6. The President praises Democratic leaders at a Republican fundraiser.

The Democrats do nothing but pass more spending bills.

7. The Republicans begin negotiating with themselves.

Thursday morning NBC News leads with Republican efforts to freeze COLAs and cut medicare.

Friday morning page one of the Washington Post has Republicans trying to raise the beer tax while page one of the New York Times has Republicans trying to raise taxes on New York residents by limiting the state and local income tax reduction.

The Democrats have made no offer and continue to pass more spending bills, including a \$5 billion entitlement expansion, pushed by the chairman of the House Budget Committee, contained in the Farm Bill.

8. Originally the budget summit was to succeed by the July 4 recess. It failed.

Then the budget summit was to succeed by the August 4 recess. It is now failing.

The Democrats will do nothing but pass more spending bills and insist on a debt ceiling that maximizes pressure on Republicans by expiring on October 15.

Question: Is it time for Republicans to stop committing slow suicide and start putting pressure on the Democrats while telling the country the truth about Capitol Hill?

## REVIEW & OUTLOOK

### To-ga! To-ga!

Pity Washington's poor budget summiters. While they're stuck debating how much more to tax a six-pack of Budweiser, their fraternity brothers in Congress are throwing the biggest party of the summer.

Despite all the wailing about the "deficit," the spending taps on Capitol Hill are wide open. The campus police (they of the "no new tax" pledge) are nowhere in sight, so the revelers have abandoned all self-restraint. There hasn't been anything quite like this since John Belushi screamed "toga" at Faber College. The Bush Administration seems not to want to spoil the fun by pointing any fingers. Hapless taxpayers are left asking where all the money went.

Since George Bush put "tax revenue increases" on the table last month, the House of Representatives has passed eight appropriations bills worth \$403.1 billion. That's about \$41 billion or 11.4% more than last year, more than double the inflation rate. The Housing and Veterans bill came in at a whopping 17% over a year ago, apparently meant as a tribute to the HUD scandal. The farm bill is rolling in at a record \$54 billion, while a Ways and Means subcommittee has created a new \$4.5 billion foster-care entitlement. Dan Rostenkowski may curse the deficit, but don't say he doesn't know how to have a good time.

The farm bill captures the let's-get-busy nature of the revels. In the House, a rare liberal-conservative coalition tried to remove the worst subsidies, but "we got waxed," reports New York Democrat Tom Downey. Even an amendment to deny crop subsidies to farmers earning more than \$100,000 went down to defeat, though it would have saved \$700 million a year. In the Senate, a bipartisan attempt to trim the ridiculous sugar subsidy by a mere two cents a pound (to 16 cents) also was routed.

The only Members not enjoying the party are the nerds trying to resist the peer pressure. After Illinois Republican Harris Fawell voted to cut back one spending bill by a measly 2%, House appropriators denied a \$17 million grant to Argonne Laboratory in Mr. Fawell's district. Everyone else got the message.

Minnesota Democrat Tim Penny's proposal to cut each appropriation bill by 2% lost all but once, much like ear-

lier efforts to cut by 10% and then 5%. Cheeky Republican Bob Walker of Pennsylvania then moved to cut spending by .000000002%, or \$19.90, but he lost too!

What are the Members protecting? The Heritage Foundation's Scott Hodge has compiled a list that reads like logrolling in our time: \$2.85 million for a fish farm in Stuttgart, Ark.; \$8 million for the U.S. Institute of Peace; \$100,000 for an Army Corps of Engineers investigation of Waikiki Beach (every fraternity brother's dream); \$8.5 million for a high-occupancy-vehicle traffic demonstration project in Virginia; and \$50,000 for the national bicycle program manager. And so on.

About the only thing on the chopping block is defense, with the exception of domestic military bases the Pentagon doesn't want. The Stealth bomber has to go, but Democrat Gene Taylor is holding onto his district's Mississippi Army ammunition plant, just in case someone (say a GOP candidate) invades the Gulf Coast. A "base closing bill" sponsored by Democratic Reps. Les Aspin and Pat Schroeder is rigged with enough bureaucratic tripwires to prevent most bases from ever closing.

We could go on, but suffice it to say that this is the crowd President Bush wants to reach a budget "agreement" with. The talks are stalled, so the latest line is that the fault lies "within the White House." Reportedly, John Sununu and Dick Darman are at odds, as if the President doesn't make up his own mind.

But even if he can agree with Tom Foley and George Mitchell, how will George Bush enforce anything with the rest of Congress? Whom can he count on? Senate Appropriations Chairman Robert Byrd? Not likely, since Mr. Byrd is privately boasting that as long as he's in the Senate George Bush will never get a line-item veto or enhanced rescission.

Short of these or other institutional reforms, the only fiscal discipline in town was "no new taxes." While Congress still spent into deficit, even it could only go so far. With that discipline now lifted, Congress is back to its bacchanal. Mr. Bush has played his best card, but Congress has yet to put a single spending cut or budget reform on the table. No wonder the Members are in a mood to party.

## A Baltic Sea Of Leaders Asks America's Help

By AMITY SHLAES

How long is 100 days? Long enough for a country to make a revolution. Long enough too for the Soviet Union to lock that country inside its crumbling empire.

That at least is the view of a clutch of leaders from newly elected Baltic governments passing through Washington this summer. The statesmen from Lithuania, Latvia and Estonia talk of the disintegration of Mr. Gorbachev's power. They talk about independence declarations they have made in the past 100 days and hope that their mission to America will speed them along the road to full independence. But they also fear that American help won't come in time to stop a Moscow that still controls their borders from squeezing them back into the Soviet order. Some of them even think that by fall—100 days from now—Soviet troops might turn Baltic independence into a historical footnote.

Ivars Godmanis and Janis Jurkans, Latvia's newly elected prime minister and foreign minister, represent the optimistic side of that wager. The pair of Balts checked into Washington's Mayflower Hotel 10 days ago bearing a message for Mr. Bush from Boris Yeltsin, the Russian republic's new president. Mr. Yeltsin suggested opening diplomatic relations between the Russian republic and the U.S. Soon, the Latvians hope, new individual nations—Latvia, Estonia, Lithuania and Russia—will start replacing the Kremlin in the international order. "Everything is great. We see no problem," burred Mr. Jurkans into the telephone late one evening last week after a meeting with Secretary of State James Baker.

As things turned out, the Latvians did make progress. The U.S. has never recognized the Soviet annexation of the Baltic nations in 1940, but it doesn't (yet) recognize the new Baltic governments either. When the Latvians arrived in Washington, the White House told them the president had no time to meet.

Messrs. Godmanis and Jurkans were not even invited to last Wednesday's Rose Garden ceremony commemorating Captive Nations Day—even though the annual event is designed specifically to honor struggles of nations like Latvia. On Thursday, though, Sen. Robert Byrd (D., W.Va.) introduced the two gentlemen to the Senate, and the president's office got wind of the Yeltsin message. Presidential time materialized. The Latvians spent 40 minutes Monday with Mr. Bush.

Whatever this kind of behavior says about the president, it satisfies the buoyant Latvians. "Creeping recognition," is how some in Washington have described it. "Fine, don't recognize us yet," Mr. Godmanis reportedly told Mr. Bush. "We're



Lennart Meri

By :  
It's that tin people are hearing their lives safe haven.

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Nonetheless, had found empl poverty, while even experts in their remarkat deed, little in t

July 24, 1990

INFORMATION

MEMORANDUM FOR CHRISS WINSTON, ALL WRITERS AND RESEARCHERS

FROM:

ED McNALLY *W*

SUBJECT:

"RELIGIOUS VALUES, FAMILY VALUES, OR WHATEVER"

In his briefing with the Magazine Publishers of America last week, the President observed that he is "still ... trying to find the appropriate way to discuss, using the bully pulpit of the White House ... religious values, family values, or whatever."

In his complete answer (attached), the President explores this theme a bit, citing a couple of pithy examples of where some Americans lost their way (seeing Vietnam as an "immoral" cause, celebrating subway vandalism as "art").

We may want to look at these themes in helping the President "find the appropriate way" to use the bully pulpit -- especially in the upcoming political speeches -- where we're looking to define the values that separate us from them.

THE PRESIDENT: I'm not sure I understand what your finger on the future. And what we are America's historic ability to lead in markets. But I'm not sure I

THE WHITE HOUSE  
Office of the Press Secretary  
July 17, 1990

For Immediate Release

PRESS BRIEFING BY THE PRESIDENT  
WITH MAGAZINE PUBLISHERS OF AMERICA

Room 450  
Old Executive Office Building

11:35 A.M. EDT  
... in time for the ... to take a look at ... giving out producers and our ... We are trying to open up markets so that ... and we are putting a lot of emphasis on research. I ... the total budget figure for research this year, but it's enormous, not just in this -- as it relates to electronics, computers and telecommunications. But I think that I would draw the line in terms of R&D and then trade policies that give us a chance to compete.

I've just come from an appeal by a United States senator for support on -- this is a little off your question -- for the textile industry, to protect the textile business further. And I can't do that. I can't say that I think the answer to the problem of textiles is further protection. Nor can I say that I think the answer to these three very important elements of our technology is further protection. So that leads you then to R&D and to opening the markets abroad.

Q Mr. President, I'm Jim Guthrie of the MTA. I'd like to address you as our spiritual leader who would like to keep us looking ahead. We're coming out of a decade that could probably be politely defined and characterized as one of self-indulgence and immediate gratification. There were inquisitive yuppies; there were junk bond LBOs that led to certain decrements in our own economic fabric; there were Wall Street convictions, and now we're at the S&L crisis. Secretary Mosbacher talked about the Baldrige Award. You've talked about a thousand points of light. What else is going on that will keep us looking ahead to the quality and the value that we're talking about restoring to all areas of our life?

THE PRESIDENT: You know, I've never been too pessimistic about America in this regard. I'll make you a slight confession. I still am trying to find the appropriate way to discuss, using the bully pulpit of the White House, these matters you talk about -- talking about religious values, family values or whatever. I think there is a danger that one can over do it, and yet, I think it's appropriate that the President try to not only adhere to those values, but to discuss them.

Having said that, I'm not pessimistic about America. We go through cycles. We went through a cycle in the Vietnam War where our own sons and, to some degree, daughters were told that our cause was immoral. People feeling as strongly as they did. I was old enough or blind enough, or whatever, not to accept that view. I still don't accept that view. Because when I look at Southeast Asia and I see a Vietnam where the charge was against us, if we'd only get out, this is an indigenous civil war, you'd have a little more

MORE

democracy there -- that hasn't worked out that way. And in your line of work where there were many publications, there are now but a few. And you see still people going out in these boats.

But the point is as it relates to your question, we had a generation of Americans that were taught that -- about a deep conviction by professors and politicians and others that our purpose, our cause was wrong. And then we condoned as a society certain excesses that we should have condemned. And I'm talking about an elevation of understanding about narcotics, for example, which gets right to the core of values.

Well, you've got to understand. I even think that we condoned graffiti as an expression of people's -- wasn't this marvelous -- creativity, when all it was was littering and cluttering up not exactly beautiful subway cars, but -- (laughter) -- nevertheless, we condoned things we should have condemned. I have confidence that the country goes somewhat cyclically, but always moves forward to our fundamental values.

I'm not discouraged about it. I wrestle with things that I think are important -- and I don't want to get into a debate with you all about the flag amendment. I happen to feel strongly about it, and I'd like to see the debate done so you could do it without having to call the other guy a demagogue. I may be wrong, but I feel strongly about it and I've fought for it because I do think there was a unique symbol there. And there's pretty good understanding on the part of the American people. The debate can go on without denigrating the other person's convictions that disagrees or feels that amending the Bill of Rights or the Constitution would be an egregious error.

But I keep coming back, as I listen to the debates on all these questions -- the National Endowment of the Arts -- all of them -- that we have a way of finding our way through in the United States these what appear to be dilemmas or these challenges. And the reason is, I think there is a fundamental understanding that we are one nation under God, that we have great respect for religion diversity, and that as we see the social problems of the day, we return more and more to the importance of the family.

So I don't know what we can do about it. I want to be very careful about censorship and about demagoging these issues, whatever they are. But I don't feel that I ought to address myself in a legislative sense to helping with this question because I think we can sort it out as people. And I'm confident of our -- not only of our decency and honor as a country, but of our tremendous generosity as a country. We've got some big problems here at home, and I've got to address myself perhaps more effectively to some of those. But I don't put down one of them the weakening of the moral underpinning of this country. I hope I'm right.

Here we've got a couple of more. I was late getting over. Yes. (Laughter.) Thank you, Kristin. I don't want to overrule my leader here. (Laughter.) She'll kill me when we get out of here.

Q Mr. President, I'm Tom Ryder, from American Express. After yesterday's disappointing budget news, does the administration's game plan on deficit reduction change?

THE PRESIDENT: No --

Q Where do we go from here?

THE PRESIDENT: The news in the Congress has been somewhat discounted because the numbers have been shared with them. And that news is one of the reasons I tried to make very clear that we would go with no preconditions to these talks.

We're getting to a crunch. The debt ceiling vote is going to drive some of the action. I'm still optimistic -- or put it

MORE

OFFICE OF THE VICE PRESIDENT

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Embargoed until delivered -- 1:00 PM CDT, July 13, 1990

PREPARED TEXT OF REMARKS BY THE VICE PRESIDENT

THE REPUBLICAN NATIONAL COMMITTEE MEETING  
Chicago, Illinois

Thank you very much, Jeannie Austin. It's great to be here at the RNC meeting.

Let me begin with a few simple truths. I am proud to be here with you today. I am proud to be a Republican. I am proud to be George Bush's Vice President, and I am proud to be here to tell you that the Republican Party is truly the party of the future.

You know, I will always have a special place in my heart for the RNC. I talked to you the day after George Bush named me to be his Vice President. As a matter of fact, you were the first group I talked to after my graceful and noncontroversial entrance into national politics.

Remember New Orleans? -- August, 1988? I do -- vaguely. We went into New Orleans about 17 points down. Thanks to you and lots of others, George Bush won forty states and the Presidency.

That was 1988. Now let's pledge ourselves to complete the unfinished political business of the past decade: and that's to give President Bush a partner in Congress -- rather than a Congress that refuses to advance the George Bush agenda.

Before I turn to the challenges facing us, let me once again congratulate Jeannie Austin, Mary Matalin, Larry Bathgate and the whole RNC team for your outstanding work and dedication. I also want to pay special tribute to our terrific national chairman, Lee Atwater, who I know has talked to many of you this past week by phone.

When I spoke with Lee, I asked him if he had a message for me to deliver. He said: Win. Let's win big in November, and start the 90's off right. For one thing, let's start the 90's off by once again making Bob Dole Senate majority leader.

We've got the candidates to take back the Senate this year. Senator Don Nickles and the Senate Campaign Committee have done a great job in candidate recruitment. We have six Congressmen, a Lieutenant Governor and several other strong candidates going after incumbent Democrats. Meanwhile, the Democrats have not been able to get any of their House members to challenge our Senate incumbents. The reason our people are taking the risk is that they feel the Republicans can win, and that a majority is within reach. We've got a good shot at picking up Senate seats in Rhode Island, Nebraska, Hawaii, Illinois, Iowa, Michigan, Alabama, Montana, and several other states.

With victories in six of these states, we would win control of the Senate. But, there is also the chance that we'll pick up 5 seats this fall, which would give us a 50-50 tie.

Let me tell you this: there is nothing that would make me happier than to spend the next 2 years of my life presiding over

the Senate, casting tie-breaking vote after tie-breaking vote to help put George Bush's agenda into action!

Now let's get down to the state of affairs in our nation. As you know, President Bush just completed two successful summits. The NATO Summit saw this President lead 16 European nations in an historic NATO meeting which, for the first time, produced a positive response from the Soviet Union. President Bush again drew on his foreign policy expertise, and achieved a new vision of NATO with the support of our Allies.

In his hometown, Houston, at the Economic Summit, we once again saw our President taking the lead and dealing successfully with important and controversial issues, like trade.

George Bush has established himself as the leader of the free world, and his respect and his prestige continue to grow throughout the world. His success should make us all feel proud.

His success is good for our nation, for our party, and for our party's agenda. For as many of you have heard me say before, as outstanding as our candidates are -- this fall's campaign is about more than individual candidates running against each other. This fall's campaign is truly a test of the national agenda for the 1990's. For there is a clear line that distinguishes Republicans from Democrats; and when voters recognize those differences, we win. So it's our job to make sure the voters know the differences. Let's start with the federal budget and the economy.

I say the budget and the economy, because if we are to reignite our economy, we have to reduce the federal budget deficit. We have got to reduce the deficit to get interest rates down, and we have got to get interest rates down in order to create opportunities, new jobs and a robust economy.

Our record speaks for itself. We Republicans are the party of economic growth. We have proven this with an unprecedented 92 months of peacetime economic expansion and the creation of some 20 million new jobs. That expansion did not happen by accident, or as a result of Democratic policies. It happened because of Reagan-Bush economic policies -- policies of deregulation, fostering entrepreneurship, fiscal responsibility -- and yes, emphatically and above all, low tax rates. Republicans know that low taxes are key to economic growth. We want American workers to be able to keep their hard-earned dollars at home. We are proud that, in the 1980's, under Republican Administrations, tax rates were cut, jobs were created and hope was reborn in America.

These results were produced by Presidential leadership, and once again, this President has taken the lead. The American people have given us a divided government. This means we have to negotiate with a Democratic Congress. To allow the deficit to balloon by waiving Gramm-Rudman would threaten the confidence of those savers and investors on whom economic growth depends. But applying Gramm-Rudman would result in automatic, across-the-board budget cuts of up to \$100 billion. These cuts would hit

programs that are critical to the Republican agenda for the 1990's -- programs like law enforcement and national security.

The President has acted responsibly. He has taken the first step -- in calling the budget summit. He has gone the extra mile -- in announcing his willingness to consider tax revenue increases. Now it is time for some action in return from the Democratic leadership in Congress.

Here is what we expect: we expect any budget agreement to preserve the single most important key to economic growth -- low taxes. The reaction of some Democrats to the President's June 26 announcement was a useful reminder of this fundamental difference between the two parties: the President reluctantly announced that he would consider tax revenue increases to get the negotiations going -- as one of six elements of a budget deal. But many Democrats made it clear that their first and only priority is to raise taxes. Well, raising taxes may be others' agenda, but the George Bush agenda is to reduce the budget deficit.

We don't have a budget deficit because Americans are taxed too little. We have a deficit because the government spends too much. During the 1980's, Congress increased federal spending by 30% in real dollars. As a matter of fact, this year alone the federal government will raise an additional \$70 billion without raising taxes. If Congress has proven anything in the Reagan and Bush years, it is that they will not voluntarily cut government spending. That is why the President has brought Congress to the

table -- to get a budget deal that will force Congress to control spending.

But cutting spending isn't enough. We also need real reform in the budget process, which is why the President insisted that budget reform be on the table, too.

The current situation is disgraceful. Earlier this year, when the President asked Congress to approve \$800 million in emergency supplemental spending to aid the fledgling democracies of Panama and Nicaragua, the Congress waited weeks to act. When they finally did, they added an extra, unrelated, three billion dollars in new spending, much of it for their own pet projects.

Ladies and gentlemen, these unchecked Congressional spending sprees have got to end. Congress isn't concerned about excessive federal spending. They have fought against the reforms that would give the President the power to limit needless government spending. It's time for Congress to give the President tools he needs, like the line item veto, so he can get the job done.

Finally, the President has said that "growth incentives" must be part of the budget negotiations -- and by that we mean real growth incentives, like the capital gains tax cut.

During the 1988 election, President Bush and I campaigned across the country to reduce the capital gains tax to 15%, because we believe that small businesses and risk-taking entrepreneurs are the motor of economic growth. Meanwhile, Governor Dukakis argued the case for income redistribution. The American people rejected that argument and gave us a resounding

mandate. But, today, nearly two years later, the Democrats' Congressional leadership has denied the voters' mandate. In fact, Congress' failure to pass the President's capital gains proposal last year is partly responsible for the current slowdown in economic growth. The fact is, ladies and gentlemen, contrary to what Democrats may believe, a tax cut -- the capital gains cut -- not a tax increase, is the single most important thing we could do for economic growth.

As I've said, the President is willing to go the extra mile in seeking to forge a budget agreement that would be good for America. He is even willing to consider tax revenue increases. But tax revenue increases will only be one element of a budget deal. Regardless of what some Democrats and pundits may think, these negotiations are not a one way street. We have put revenues on the table. Today, I call on the Congressional Democrats to come forth with their proposed spending cuts. Their silence on this issue -- as usual -- is deafening.

Let me assure you of this: this President will insist on a good deal -- one that is good for our economy and good for our country. He will not accept a bad deal. His position is simple: a good deal -- or no deal at all.

Ladies and gentlemen, time and time again, we have seen the effects of Democratic tax and spend policies in our states. In the past few months, we have seen leading Democrats reassert their old tax and spend policies. In January, New Jersey got a new Democratic governor. He had barely moved into the State

House when he raised taxes. The tax increase wasn't his last resort, it was his first. Across the Hudson, the Governor of New York applauded what the Governor of New Jersey had done. He said it was so good that the Governor of New Jersey should consider running for President.

Meanwhile, the Governor of New York was going for a tax increase himself. Never mind that, since 1983, New York's spending has grown more than twice as fast as the national average. Finally, a little further east lies the Commonwealth of Massachusetts. You all know what's happened there.

Friends, we cannot let the Democrats do to America what they have done to these states. Nor can we let the Democrats do to America in the Nineties what they did to us in the Seventies. Do I need to remind this audience of the Democrats' last performance in the White House -- 20% interest rates, 13% inflation, 7% unemployment? That's their legacy. Ours is: 20 million new jobs, 92 months of economic growth, and tax cuts for the American people.

Now let me turn briefly to some other issues that divide our two parties. Crime: our crime rate is too high. There are more crime victims each year than victims of traffic accidents. But most Democrats still think the death penalty doesn't work, and that the exclusionary rule does. We Republicans believe it's time to put tough laws on the books, more tough judges on the courts, and the rights of law-abiding citizens ahead of the rights of criminals.

The parties are also divided on education. Many Democrats say that all it takes to have better schools is to spend more tax dollars. We say: we all know money is important -- but it cannot make up for low standards; it cannot make up for bureaucratic dead wood; and it cannot make up for a lack of choice and competition. We Republicans stand for basic educational reform because we do not accept a 25% drop out rate for our high school students. We know a child without an education is a child without hope. We must get Congress to pass the President's education reforms, so we can have more accountability, more parental involvement, more choice in our school systems, and the best schools in the world once again.

The parties also differ on national defense. The Democrats want to slash our defense budget by billions. After all, they say, the Cold War is over -- no need to worry about national security any more.

We say -- the reason the Cold War is ending is because Ronald Reagan and George Bush worked to restore our national strength. We say that the "peace dividend" we've earned from our investment in security is peace itself, and we say that the freedom that has come to Eastern Europe and to Latin America is no accident. We invested in national security, and we now have freedom and democracy spreading throughout the world.

But the world remains a dangerous place. Fifteen nations will have ballistic missile capability by the end of the century -- yet the United States remains defenseless. And so, though

great gains have been made, we have got to continue to invest in national security and in new programs like SDI -- because a strong America is a safe America.

Since I've been Vice President, I have travelled to 42 states and 25 countries. I have seen first hand what the Republican dream is all about. It is about freedom, family and faith. These are the principles that bring us together -- and hold us together.

Many Americans take freedom for granted. Well, we shouldn't. I will never forget attending church in Panama City with President Endarra. People with tears in their eyes came up and embraced me. They said, "Thank you for giving us freedom; thank you George Bush." In Managua, Nicaragua, I represented our country when democracy triumphed, and I saw Mrs. Chamorro replace the communist Sandinistas. I saw how precious freedom is.

Here at home, where freedom is well established, our dream of the American family is being challenged as never before. 15 million children in America do not have a father at home. 25% of our children are born out of wedlock. Our families need to be strengthened.

As I travel to schools throughout the country, I am reminded again and again of the importance of a family, the importance of a mother, of a father in caring for a child. Too many of our children are neglected. We cannot and shall not neglect the American family. The family is the nucleus of our society. If we lose our families, we will never recover.

Finally, our faith brings us together -- our faith in God, our faith in our people, our faith in our great President. Faith is believing, and there are certain fundamental principles in which we must believe -- the principles that distinguish right from wrong, freedom from slavery.

My grandfather always told me, and he printed in his newspapers, something that is simple but true. He said, "America is great because America is free." That is what we believe.

Thank you and God bless you.

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EMBARGOED UNTIL 3:30 P.M. EST  
July 12, 1990

Remarks by Edward J. Rollins  
Co-Chairman, National Republican  
Congressional Committee

Good afternoon. It's a relief to be with you today. Reading the Democrats' accounts of our political party lately, it's clear some would like to think we Republicans have become an endangered species.

That's not all bad. When you're an endangered species, the Democrats want to take care of you. They draw boundaries and create a nice preserve for you where you're forever safe from harm. Sort of like reapportionment and Democratic gerrymandering.

Well, here they go -- again!

Back in 1985, returning to the White House on the presidential helicopter, Marine One, I sat next to President Reagan. Above his seat he used to keep a photograph of his ranch in Santa Barbara, Rancho del Cielo.

As we talked he eyed the photograph. I figured he was thinking he'd rather be out there clearing brush, chopping wood, and riding.

"Mr. President," I said, "this will all be worth it. History will be kind to your presidency."

"Ed," he answered, looking me straight in the eye, "I don't care about history. I'll be dead when they write it, and then they'll distort it. All I care about is my country and leaving it a better place than I found it."

"Well Mr. President, you're half right. You're not dead, and they're already distorting it anyway."

Well, ladies and gentlemen, the rumors of our demise are greatly exaggerated.

The obituaries are premature.

Not only does this patient have a pulse, but to quote a recent Republican president who -- like his party -- was also often underestimated, "You ain't seen nothin' yet."

A wise professor I once knew told me that when you want to understand history, don't start with the historians. Go back and read the contemporary chronicles, so you know what people were thinking and feeling at the time.

That way you avoid the pitfall of collective amnesia.

I took his advice with the savings and loan fiasco. Lately our Democratic friends have been trying to saddle us with that dead weight.

In fact, no sooner had President Bush agreed to meet Democratic Speaker Tom Foley's, Democratic leader George Mitchell's, and Dick Gephardt's demands to include revenue increases in the budget negotiations than Ron Brown came out of hiding to bushwhack him.

Brown says we Republicans will only raise taxes to bail out wealthy savings and loan speculators. He says the Reagan-Bush Administration created this crisis.

I say -- Ron Brown is proof that America's educational system needs reform.

If Ron Brown thinks the Republican Party wants to bail out the Democratic campaign contributors, who caused the savings and loan mess, he must be dreaming and praying.

From the Washington Post . June 13, 1987. This is so good I need to read it to you straight. Unabridged.

"In a spectacularly dangerous example of misguided sympathy, Congress is hard at work on legislation to make S&L regulation weaker than ever. It has nothing to do with Reaganite enthusiasm for deregulation. The impetus is coming from Democrats, and mainly from Texas."

"The House has passed a bill that would make it harder for an S&L to foreclose on delinquent loans, of which there are many in Texas, and very much harder for federal regulators to close an S&L that is insolvent."

"The chief regulator says that the bill, if enacted, 'will shut down effective enforcement.'"

That was in 1987, when President Reagan, Vice President Bush, and Treasury Secretary Jim Baker asked for \$15 billion to halt the S&L losses -- not \$130 billion, or \$300 billion, or \$500 billion, or whatever estimate of the cost you want to accept today.

More than three years ago, Secretary Baker wrote Congress to object to the Democrats' plan, and said that if they had their way, quote "Congress is just setting up the taxpayers to bail out FSLIC" unquote. Congress' own watchdog, the General Accounting Office, agreed with the Administration.

Guess who stopped them?

The Democrats, Mr. Brown.

If you can't believe the Post, who can you believe?

Maybe Common Cause, Ron.

Remember Jim Wright? He's the guy who was your Speaker of the House of Representatives. You Democrats gave him a standing ovation after his farewell speech. Do you remember why he said goodbye that day? Sleazy ethics, Ron. Graft and corruption.

Democrats are always giving standing ovations. When Washington D.C. Mayor Marion Barry was indicted on drug and perjury charges, the Democratic mayors gave him a standing ovation.

What does that tell you about Democratic ethics?

Common Cause says Jim Wright took \$82,640 from S&L interests in the eighties.

Remember Tony Coelho? He was chairman of your Democratic Congressional Campaign Committee. Your chief fundraiser. And a member of the House leadership, to boot.

Now Tony may have had more foresight than Jim Wright. He didn't wait around for an Ethics Committee grilling, a farewell address, and a standing ovation from his fellow Democrats. He just resigned after it was revealed he cheated on his financial disclosure forms, borrowed from Thomas Spiegel who was just fined \$24 million -- one of those S&L executives you've excoriated, Ron, to do -- guess what? -- buy junk bonds from Michael Milken!

Tony took \$16,950 in contributions for his own reelections from the S&L hustlers -- and raked in another \$212,825 for the DCCC.

Like in the old Westerns, Tony didn't wait around to be tarred and feathered and ridden out of town on a rail. He just packed up and vamoosed in the dead of night.

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Oh -- I almost forgot to mention something that happened two months before that Washington Post editorial.

Freddy St Germain.

He was the Chairman of the House Banking Committee. He got \$144,400 from S&L interests.

You remember St Germain. He's the one who the Ethics Committee says violated the rules by taking gifts like free travel from the S&L industry. Cash just wasn't enough.

Unlike Jim Wright and Tony Coelho, Freddy decided to take his case to the voters.

They tossed him out in '88.

The S&Ls were broke -- and the Democrats refused to fix it.

St Germain, Wright, and Coelho were the three stooges of the S&L industry. They may prove Mark Twain's contention that Congress is home to the only "distinctly native American criminal class."

Mark Twain explains why Jim Wright got a standing ovation even though he left the Congress in disgrace. Wright may be gone, but his Democratic cheerleaders are still there.

Ever heard of "cash-for-trash?" No, it's not a Democratic fundraising slogan.

That's where a borrower gets cash for one loan, takes out a second to buy real estate owned by the S&L at inflated values -- looting cash out of the S&L in exchange for trash. According to James Ring Adams' authoritative book, The Big Fix, this was a specialty of Democratic contributors.

Heard of "land flips?" That's where investors bought at low prices, sold land back and forth amongst themselves inflating the price each time, getting the loans from friendly S&Ls. Another specialty of Democratic contributors.

These are only the more savory forms of graft. Not the alleged cocaine-snorting, shifting money to Mafia-controlled banks, or dalliance with prostitutes by executives of People's Savings of Llano, Texas.

Or the millions Thomas Spiegel -- Coelho's friend -- allegedly spent on guns, fireworks, rock concerts, wine, vacations, luxury cars, or the \$2.8 million in bonuses he gave himself while Columbia Savings and Loan was going under.

And while Columbia was sinking, three-quarters of its PAC contributions went to Democrats such as Senators Riegle, Cranston, Wirth, Simon, Kerrey, and Congressmen Barnard and St. Germain. The cost to the taxpayers of Columbia's bailout: \$590 million.

Or take David Paul's CenTrust Savings and Loan in Miami, with its \$25 million conference room, Tiffany ashtrays, gold-rimmed Baccarat crystal, a 95 foot yacht, and a \$12 million Rubens painting paid for with depositors' money Paul hung in his own home.

Ron, do you remember David Paul? Your party called him "Chairman of the Democratic Trust" in 1988.

Some trust.

Paul was chairman of the top contributors of the Democratic Senatorial Campaign Committee. He was a major contributor to Joe Biden's presidential bid. And when Biden's campaign collapsed in a pile of plagiarism, David Paul moved on to raise money for House Majority Leader Dick Gephardt. The Democratic Senatorial Committee got \$30,000. The DCCC got \$19,000. And the Democratic Presidential Campaign Convention got \$50,000.

You may wonder how he could afford all those contributions. Well, as you pay the bills for the S&L bailout over the next decade, think of David Paul, Chairman of the Democratic Trust and his Democratic friends.

Because every man, woman and child in America who pays to bail out the busted thrifts is footing the bill for political graft.

David Paul could afford to contribute lavishly, because he gave himself \$800,000 in salary and bonuses and \$2.76 million in stock dividends from CenTrust in 1988. And the next year, when the thrift's earnings dropped, he gave himself \$950,000 a year in salary and bonuses.

It may take the taxpayers \$2 billion to bail out CenTrust.

Thank you Ron Brown, Senator Biden, and Congressman Gephardt. It's the taxpayers who will have to make up the missing cash you shoveled into your campaign coffers.

Ever heard of the "Texas High Flyers?" No, it's not a country and western band. That's what they called the good old boys who lived high on the hog on S&L money in the Lone Star State.

Don Ray Dixon and Thomas Gaubert were the kings of the High Flyers. Gaubert was finance chairman for the Democratic Congressional Campaign Committee.

Dixon bought a yacht -- the 112 foot "High Spirits" -- with S&L money, put it on the Potomac, so Tony Coelho and the Democrats could use it for fundraisers for Democratic House members. Gaubert has bragged about raising \$100,000 to help buy the election of Congressman Jim Chapman in Texas -- and \$250,000 in soft money.

I guess that's one boat Democrats would have to admit a rising tide lifted -- a rising tide of S&L sleaze. Bailing out the S&Ls of these two High Flyers will cost \$2 billion.

The late Big Daddy Jesse Unruh, Assembly Speaker and State Treasurer from my home state of California, liked to say that money is the mother's milk of politics. Unruh was Tony Coelho's political godfather.

If money is the mother's milk of politics, the Democratic fundraisers who were getting rich by looting the S&Ls were the milkmen. They delivered the goods right to the doorstep of the Democratic Party. Right to the door of the Speaker's office.

Of course, we don't know how much the Democrats got in soft money from the S&L interests, because Ron Brown and his Democratic allies refuse to release their soft money list.

Now Common Cause says we can only clean up this mess with campaign finance reform. They want taxpayer-financed elections. Well, the Democrats already have them. Thanks to S&L subterfuge, the taxpayers are going to foot the bill for all those Democratic campaigns.

What about the soft money?

I challenge Ron Brown and the Democratic Party to really open their books on the soft money accounts. Maybe then we'll understand why Jim Wright, Steve Neal, St. Germain, Tony Coelho, Banking Chairman Frank Annunzio, Alan Cranston, Dennis DeConcini, Don Riegle, and John Glenn fought so hard to keep Reagan and Bush from shutting off the river of corrupt S&L dollars.

For a few million dollars in campaign contributions, they sold out the taxpayers. For the sake of their own reelections, they left us a bailout legacy that could reach a cost of thousands for every taxpayer for generations.

Here's how Adams sums it up in The Big Fix:

"Ultimately," he writes, "Jim Wright's circle turned a \$20 or \$30 billion savings and loan debacle into a \$300 billion disaster..."

Now the Democrats are saying make the crooks pay. Frank Annunzio, right here in Chicago, wears a button that says "Jail the S&L Crooks."

Seriously, Frank it's a good idea. Why don't you start by paying back the \$6,000 Charles Keating gave you and the \$2,000 Thomas Spiegel gave you? And why don't you tell the voters of Chicago why Congressional Quarterly rated you the S&L's best friend in Congress? And why don't you explain why out-of-town S&L executives gave money to your campaigns?

Now if you don't want to answer, that's fine. It's your right.

But Frank, maybe you'll tell us why you gave your vote to the S&L crooks to gut the 1987 Reagan bill when we could have stopped the bleeding?

Congressman Steve Neal should explain his dirty S&L money. Congressman Barnard of Georgia should explain why he won't repay the \$20,000 he took from Keating.

Speaker Foley should explain his contributions from the bad S&Ls. House Majority Leader Gephardt should explain the \$6,500 he took from corrupt S&Ls like CenTrust. And the Democrats who are members of the DCCC might explain the \$303,000 in contributions they took.

And if they won't, maybe they should all just stand up en masse on the Capitol Steps, take a vow of silence, and wrap themselves in the Fifth Amendment.

It's no accident that the Republican leadership in the House didn't get money from the bad S&Ls. That's because the S&L crooks knew which party voted to let their good times roll, and which party voted to bring an end to the predator's ball.

This is just the tip of the iceberg.

There are probably hundreds of mini-Charles Keatings and mini-David Pauls around the country. Their incompetence cost billions, so we've heard about them. They're what's considered newsworthy. After all, the savings and loan industry had 149 federal PACs. The overwhelming majority of the money went to Democrats.

But what about the S&L sleaze artists who only ripped off \$10 or \$20 or a \$100 million from the taxpayers?

Hundreds of S&Ls went bust, and we've only heard about a handful. The more we learn, I'm confident the more the taint will stick to the Democratic Party. That's why Ron Brown and the others want us to forget who should be blamed.

Collective amnesia.

It's the Democrats' only hope.

Well, if I were a hometown reporter looking for a Pulitzer today, I wouldn't let the Wall Street Journal or the Washington Post or the New York Times get all the glory on this story.

I'd go right down to my local S&L and start looking into the pattern of cozy relationships. You know who has the political grease in your communities; you know who got the big loans from the S&Ls; and you can trace the money trails better than anyone else.

6

This isn't a story that happened only in Los Angeles, or Miami, or Dallas. It happened on Main Street, U.S.A.

You have an obligation. The public has a right to know. This -- not flag burning -- is what the First Amendment is all about. And I'll bet the stories you'll write will conclude -- it was broke, and the Democrats wouldn't fix it.

No wonder Ron Brown wants us to forget what the eighties were all about.

Ron, a little remembrance is a good thing.

Let's start with taxes.

Exactly when did it become necessary to raise taxes, Ron? In 1984, when Walter Mondale promised to raise taxes?

In 1986, when the Democrats wanted a fourth income tax rate in the tax reform bill?

In 1988, when Michael Dukakis lost forty states campaigning on a program of tax increases and a Massachusetts Miracle that turned out to be a devil's brew of billion-dollar budget blunders?

In 1990, when the Democratic Congress' refusal to curb its appetite for spending finally caught up with us?

In November, 1980, and in November, 1984, and in November, 1988, the American people rejected the failed policies of the Democrat Party and their nominees -- Carter, Mondale, and Dukakis.

The politics and policies of the past fifty years had failed them, failed their parents, and failed their children.

They chose instead President Ronald Reagan and President George Bush.

For every tax increase since World War II, the Congress has spent \$1.58 for every new dollar in revenue.

We cannot tax away the deficit. We have tried in the past and the deficit simply grows as new taxes slow down economic growth. The deficit will shrink to a manageable size when the American people demand that Congress exercise some courage and reduce the growth of federal spending.

I was there in the eighties when President Reagan signed a tax increase based on Tip O'Neill's promise to cut spending three dollars for every dollar in new revenue.

As Congress faces the challenges of 1990, the advocates of tax and spend policies will go all out to protect their piece of the taxpayer's pie. They view the federal budget as "their" money which is why they refer to tax cuts as "giveaways."

As they see it, what you and I pay in taxes is theirs -- what we manage to keep each year is negotiable.

The Democrats weren't serious about the budget then -- any more than two months ago, when the Democrats in the House voted a budget resolution adding \$97 billion in new spending.

But I remember more about the eighties.

I remember President Reagan's 1982 speech to the London Parliament. Reagan foresaw the crumbling of the Soviet system, the hope for democracy in Eastern Europe, if the U.S. would stand tall for awhile.

If we had listened to the Democrats we would have frozen our defenses at a level barely above bows and arrows. The Brezhnev Doctrine would still be in force. The Soviets would still have Eastern Europe in a

necklock. They would have saved billions of rubles they were instead forced to waste in a futile bid for military supremacy -- rubles that might have kept their bankrupt system afloat through the next century.

We Republicans led the free world out of the long twilight of Cold War. Morning in America?

Hell, we've given a new dawn to half the world.

We completed the rollback of communism some Democrats foresaw at the Cold War's birth -- a vision the liberals who took over the Democratic Party in the 1970s and 1980s abandoned.

You know the difference between John Fitzgerald Kennedy and the Democrats who control his party today? JFK believed in tax cuts and a strong defense and a brighter future in reward for hard work and sacrifice.

If the Democrats who followed him had their way, they'd have raised taxes in 1984, spent the money, raised taxes again in 1988, and still be back at the trough in 1990 for another feeding!  
Page fourteen

Now here's something that amazes me. Mention that the Communist Party has had solitary and total control of the Soviet Union and Eastern Europe for the past fifty years, and that the party has grown corrupt, abusive of its power, and jealous of its privileges, and nobody seems surprised.

Doesn't power corrupt?

In fact in East Germany, what turned the tide against Honecker and Egon Krenz were widespread revelations of the graft of the party elite. That as much as anything sparked the popular revolt. But that graft was dwarfed by the magnitude of the Democratic S&L rip-off.

Now reflect that for fifty-six of the past sixty years, the Democrats have controlled the House. For forty-eight of the last sixty years, they've controlled the Senate.

Yet now they're trying to present themselves as blameless. They want no responsibility. They want to be seen as an opposition party, not a governing party.

Call it what they will, the Democrats who oppose President Bush offer the same old alternative.

If it's income, tax it.

If it's commerce, regulate it.

If it's a budget, break it.

Tax more, spend more.

So the bills mount, the deficit mounts, incumbents get reelected, challengers lose, and democracy suffers.

What we need now -- an apt commemoration of the two-hundredth anniversary of the Congress -- is a second Revolution.

It needs to begin with the recognition that reform is overdue. Just as our forefathers objected to taxation without representation -- we need to object to representation that is undemocratic.

First, we need passage of President Bush's package of campaign reforms so that challengers can face incumbents on a level playing field. That will restore democracy to our congressional elections.

I wonder. Did the Democrats look at East Germany? Did a shiver run up their spines at the power corruption has to mobilize people against a monopoly of power?

There's something hollow in their "make the crooks pay" rhetoric, their efforts to revise the history of the eighties. Sort of like Nikita Khrushchev pinning the blame on Joe Stalin.

Call it the Big Lie.

Well, my friends, you can fool some of the people all the time. They're the ones who vote the straight Democratic ticket.

You can fool some of the people some of the time. They're ticket splitters. Just enough Democratic House and Senate candidates manage to run away from the national party to fool them.

But you can't fool all the people, all of the time.

We've got the Democratic Party's number.

Another example of the Big Lie.

Crime. The Democrats say they're tough on it. But watch what they do.

In the House of Representatives they've bottled up President Bush's crime bill for more than a year. Meantime, the FBI reports crime rates soaring -- especially crime against women. Over the past ten years, rapes have increased four times the total crime rate.

Republicans care about the rights of victims of crime; Democrats care about the rights of criminals.

There's another Big Lie coming. You can smell it in the air. You can be sure the Democrats will try to blame us for any entitlement cuts that come out of the budget summit.

What they won't do is admit that Republican leadership has given us the longest period of sustained economic growth in peacetime history. We've created tens of millions of jobs. Incomes for average working people -- what's left after taxes -- have gone up steadily. The dream of home ownership has been restored.

We led in the eighties. We're proud of our record, and we won't run and hide from it.

You won't catch us trying to salvage our future by savaging our past.

And we'll lead in the nineties.

We'll lead, because we want parents and communities in control of our schools, not educational bureaucrats and remote unions.

We'll lead, because we want to control crime by punishing criminals, not by depriving honest Americans of their rights or making them in fear of walking the streets.

We'll lead, because we believe that the working people deserve to keep the money they earn, not fork it over in taxes to pay for Congress' waste.

Ron Brown says the Democratic Party is on a roll.

Is he right, or is he wrong?

Here's his idea of a roll -- the recent "urgent, dire, emergency" supplemental spending bill -- that's what they called it.. Three-quarters of a million dollars to buy an 800-ton ferry for Samoa. \$6 million to fund a fish farm, in Iowa. And in this time of high deficits, \$20 million for Congress' own private art collection.

Maybe they got that idea from David Paul. With \$20 million, they can buy David Paul's \$12 million Rubens' painting at CenTrust's fire sale.

No party which fails to censure a congressman like Democratic subcommittee chairman Barney Frank – who allowed a male prostitution ring to be run from his Capitol Hill townhouse -- can claim the mantle of leadership.

No party which permits a congressmen like Gus Savage to maul the women who serve the Peace Corps, or to blatantly campaign on anti-Semitism, can claim a mantle of leadership.

And no party which harbors the architects of the nation's savings and loan disaster, while piously mouthing the empty slogan, "Jail the S&L Crooks," deserves to keep control of the national legislature.

In January the Poles sent over legislative interns to study our Congress . Here's what Congress showed them how to do one week – produce sterile screwworms to sell overseas, change the name of a lake in Kansas, approve two new statues for the Capitol, and vote another national education study.

One Polish intern notes in contrast that it took Poland's new Parliament only two weeks to enact fourteen measures converting their country from socialism to capitalism.

The sorry state of the nation's legislature prompts Business Week to write that "on the eve of a new century, the U.S. is saddled with the problems of a superpower -- and the legislature of a banana republic."

Well, we can do something about it.

Let's start by throwing the rascals out. Half a century of Democratic dominance of the nation's legislature is enough.

They've become corrupt, complacent, and cocky.

Now it's time for a comeuppance.

We deserve better. Our children deserve better. And our grandchildren deserve better.

And the fledgling democracies around the globe, from Pakistan and Panama to Hungary and Poland, deserve to see a better example from this great democracy.

Last year we watched in awe as young East and West Germans spontaneously began chipping away at the Berlin Wall with hand-held hammers.

We watched in awe as Romanians in Timisoara picked up broken shards of glass from shattered shop windows, to fight the forces of a dictator armed with AK-47s and pistols.

We watched in awe as Violeta Chamorro defeated Daniel Ortega and the Nicaraguan communists at the polls.

We watched in awe as the new world forged from Republican policies of the eighties unfolded before us.

Are we now going to stand by and let a discredited bunch of Democrats lay claim leadership?

No. Not if we care about America's standing in the twenty-first century. We are on the threshold of a new world, and we've struggled a long and difficult way to get there.

I'd like to read a quotation from Abraham Lincoln, the founder of our party, that I think lays to rest the idea that expanding individual liberty, and getting the government out of our lives is somehow a new-fangled, un-American idea.

"You cannot bring prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot further the brotherhood of man by encouraging class hatred. You cannot help the poor by destroying the rich. You cannot establish sound

security on borrowed money. You cannot build character and courage by taking away man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves."

Perhaps we Republicans aren't as good as our Democratic counterparts at those dramatic displays of symbolism or emotional gestures of concern.

But we care just as deeply about the poor, the sick, the jobless and the disadvantaged, and we have a positive program to help them. But we have something more:

We are a party that shows compassion for the taxpayer as well as the taxspender.

We are a party that respects the wage payer as well as the wage earner.

We are a party concerned with the rights of the victim as well as those of the accused.

A party that does not scorn the rich for being rich, anymore than we blame the poor for being poor.

We're a party dedicated to creating a bigger economic pie for all Americans, rather than simply dividing up the existing pie in a different way.

And we're a party devoted to bringing Americans together in unity and cooperation, instead of setting them apart, interest group by interest group, and category by category.

The Republican Party of the 1990s is a party for all citizens who want to reclaim the American dream that prompted our parents and grandparents to come to this land in search of freedom, hope, and opportunity.

The Democrats can campaign on class envy, pitting American against American, if they want.

We will not do it -- and we will beat their politics of envy.

One party can lead America into a bright new century: the Republicans.

One party can keep America's economy strong and competitive: the Republicans.

One party can make our children's world a better place: the Republicans.

Page twenty-one

One party can reclaim our streets from criminals and druglords: the Republicans.

One party can replace the corrupt lawmakers in Washington with honest leaders: the Republicans.

As we leave Chicago, we do so with a solemn burden.

As Ronald Reagan said on that helicopter ride:

"All I care about is this great country and I want to leave it a better place than I found it."

So do I.

And I know -- so do you.

We must work harder than ever.

For the first time in many years, the American people are very concerned about the future of their country. The future holds promise, but the path toward its fulfillment involves some sacrifice. But it's well worth it.

11

You and President Bush will make it happen.

The question is: "Can we win?"

The answer is: "We have no choice. We can and we must."

Our economy requires it.

Our future demands it.

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Page 7: **CentTrust Contributions to Democrats (See chart below).**  
**Source: House Document 101-101, Hearing Before the**  
**House Committee on Banking, Finance & Urban Affairs,**  
**March 26, 1990**

**From CentTrust's Federal PAC**

<u>Senate Democrats</u>		
1987:	Bentsen	1,000
	Mitchell	1,000
	Metzenbaum	1,000
1988:	Kennedy	1,000
	Sasser	1,000
	Lautenberg	1,000
1989:	Sanford	1,000
	Biden	10,000
	Harkin	5,000

Senate Republicans

NONE

Presidential

Gephardt, 1987                      5,000

Other

1988:	Democratic Senatorial Campaign Committee	15,000
	Democratic Congressional Campaign Committee	5,000
1989:	Democratic Senatorial Campaign Committee	15,000

**CentTrust Savings Bank Direct Contributions**

1987:	Democratic Congressional Campaign Committee	9,000
	The Democratic Leadership	2,500
1988:	Democratic Congressional Campaign Committee	5,000
	Democrats for the 80's	10,000
	Democratic Presidential Campaign Convention	50,000

**Cost of CentTrust bailout: Los Angeles Times, June 24,**  
**1990; Resolution Trust Corporation.**

Page 7-8: **Gaubert Contributions, involvement with the DCCC, Dixon**  
**extravagance and activities, cost of Texas High Flyers**  
**S&L corruption to taxpayers:     The Big Fix, Adams**

**Appendix****Fact Sheet**

- Page 3: See March 30 Letter from Secretary Baker to Rep. Wylie.
- Page 4: Wright and Coelho Contributions, source: page 9, It's a Wonderful Life, Common Cause, June 1990.
- Page 5: St Germain Contributions -- ibid.
- Page 5-6: "Cash-for-trash" and "Land flips" -- U.S. News & World Report, Mort Zuckerman column, June 18, 1990
- Page 6: Mafia involvement in S&Ls and People's Savings of Llano, Texas -- The Big Fix, by James Ring Adams; Village Voice, July 10, 1990
- Page 6-7: Columbia S&L PAC Contributions: see chart below

<u>Cycle</u>	<u>Democrats</u>	<u>Republicans</u>
1985-1986	31,600	8,750
1987-1988	22,500	12,800
1989-1990	14,000	1,000
TOTALS	58,100 (72%)	22,500 (28%)

Source: FEC

Bailout Cost for Columbia S&L -- from Resolution Trust Corporation estimate.

Details on CenTrust Savings extravagance -- Village Voice, July 10, 1990

David Paul as Chairman of Democratic Trust, DSCC fundraiser -- Washington Post, March 19, 1990; Boston Globe, April 2, 1990

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Page 9: \$100 for every human being: New York Times, June 28, 1990

Annunzio Receipts: FEC, Roll Call newspaper, Jan. 11, 1990; Roll Call, June 26, 1990

Annunzio "Best Friend of S&Ls": Phrase appears in CQ's Politics in America biennial volumes in 1984, 1986, 1988 and 1990, in slightly different forms; see the Annunzio IL-11 article in each.

Annunzio Vote to Gut Reagan S&L Bailout: Vote in House Banking Committee, April 1, 1987; cited in It's a Wonderful Life, Common Cause, June 1990.

Neal Money: It's a Wonderful Life, see above.

Barnard Money: It's a Wonderful Life; Roll Call, Jan. 11, 1990

Page 10: \$303,000 Contributions to DCCC Members: see chart below

DCCC Member Receipts (1981-1990) From  
S&L PACs

(Democrats who serve in the DCCC leadership)

	<u>Amount</u>	<u>Rank</u>
Levine (CA)	\$69,250	(3)
Oakar (OH)	\$35,950	(15)
Smith (FL-16)	\$34,750	(17)
Gephardt (MO)	\$30,800	(22)
Anthony (AR)	\$30,700	(23)
Manton (NY)	\$24,100	(34)
Rostenkowski (IL)	\$22,000	(39)
Andrews (TX)	\$21,300	(42)
Eckart (OH)	\$16,575	(57)
Fazio (CA)	\$10,650	(107)
Dymally (CA)	\$ 7,200	(143)
	<hr/>	
TOTAL	\$303,275	

Source: Common Cause

## Chronology of Significant Events in S&L Deregulation

o Prior to 1989, Congress had provided that every major regulator except the Comptroller of the Currency would be an "independent" agency:

Federal Home Loan Bank Board  
Federal Reserve Board  
Federal Deposit Insurance Corporation  
Federal Savings and Loan Insurance Corporation  
Securities and Exchange Commission  
Commodities Futures Trading Corporation  
National Credit Union Administration

o During the 1970's, money market mutual funds offering market interest rates began drawing funds away from banks and thrifts where interest rates were capped at low levels under "Regulation Q." Because of the very high inflation and interest rates during the Carter Administration, this "disintermediation" accelerated dramatically during the late 70's.

o In 1980, President Carter proposed, and a Democratic Congress passed, the Depository Institutions Deregulation and Monetary Control Act (DIDMCA). Principal features:

- o Provided for the phased deregulation of interest rates in savings and checking accounts
- o Provided S&Ls with greater discretion in making loans, holding commercial paper, and offering credit cards
- o Increased deposit insurance from \$40,000 to \$100,000 per account (this provision was added in Conference, without the scrutiny of the usual legislative process) [Note: The possibility of reducing insurance limits is a very sensitive issue on which the Bush Administration has not taken a position]

At the signing ceremony, President Carter said: "[I]t's another important step in a long but extremely important move toward deregulation of the private enterprise system of our country."

o Also in 1980, the independent Federal Home Loan Bank Board loosened restrictions on thrifts' use of brokered deposits.

o In 1982, Congress passed the Garn-St. Germain Depository Institutions Act. Building on the Carter Administration's DIDMCA initiative, the new law expanded the ability of thrifts to make commercial loans and increase their consumer lending. In addition, the new law fully deregulated interest rates on savings and checking accounts.

o In 1982, the independent Home Loan Bank Board adopted new regulatory accounting rules that concealed the insolvency of many

thrifts. In 1982 and 1983, the Board also eased or eliminated many restrictions on the ability of thrifts to invest directly in real estate and to engage in commercial lending.

o In 1984, the Bush Task Group on Regulation of Financial Services recommended a comprehensive reform of the regulatory apparatus. Highlights included:

- o More effective regulation through the elimination of archaic and overlapping regulatory structures
- o Uniform capital and accounting standards to end low capital levels and phony accounting standards in the thrift industry - the Report noted that low capital levels encouraged insured institutions to engage in high-risk speculative activities
- o Authorizing the FDIC to institute risk-based insurance premiums - the Report noted that the current system forced prudently managed institutions to subsidize high risk institutions

In early 1985, a working group of President Reagan's Cabinet Council on Economic Affairs published a report adopting the main elements of the Bush Task Group recommendation. In early 1987, legislation to implement the Task Group proposals was introduced by the Administration, but the Democratic Congress refused to move the legislation.

o By late 1984, FSLIC was experiencing high rates of staff turnover at Federal civil service pay scales. In July 1985, the Bank Board solved this problem by delegating examining responsibility to the district Federal Home Loan Banks (which could pay examiners competitive salaries).

o In early 1986, the Reagan Administration asked Congress for \$15 billion to recapitalize FSLIC, which was insolvent. The request encountered strong opposition, especially from Speaker Jim Wright. More than two years later, Congress finally enacted a bill providing:

- o only \$10.8 billion in recapitalization (28% less than the Administration had requested 2 years earlier)
- o "statutory forbearance" provisions not sought by the Administration -- these provisions required the use of phony "regulatory accounting" and permitted thrifts in "depressed areas" to operate with capital of less than one-half of one percent of assets

The delay in recapitalizing FSLIC prevented regulators from closing insolvent institutions before their losses ballooned. The "statutory forbearance" provisions had similar effects.

Note: The House of Representatives' Special Outside Counsel who investigated Speaker Wright found that Wright:

- o on at least one occasion took the FSLIC recapitalization bill off the House calendar in order to pressure the Bank Board into altering its position on a matter affecting a major Dallas real estate syndicator
- o sought to have at least two federal regulators removed from office
- o intervened on behalf of a Democratic Party official who had been banned from the thrift industry for engaging in regulatory violations and unsound practices.

The House ethics committee did not regard any of this as evidence of undue influence because: "The assertion that the exercise of undue influence can arise based upon a legislator's expressions of interest jeopardizes the ability of Members effectively to represent persons and organizations having concern with the activities of executive agencies."

- o In 1989, President Bush proposed the legislation that became FIRREA. The President also asked for an immediate supplemental appropriation for DOJ bank fraud investigations, but the Democratic Congress refused to act on this request.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 1, 1990

President Bush's Proposed  
Savings and Economic Growth Act

Today, President Bush transmitted to the Congress the Savings and Economic Growth Act. This act will increase family savings, stimulate job-creating long-term investment, and strengthen the competitive position of American business. It contains three parts:

- o Family Savings Account. This new savings program will give Americans an opportunity to save for their long term goals in a tax-free manner.
- o Capital Gains Tax Rate Reduction. This act will provide for a permanent partial exclusion from tax of gains on long term investments in productive assets.
- o Home Ownership Initiative. This will allow millions of American families an opportunity to save for their first home through the existing IRA program.

The Savings and Economic Growth Act provides a comprehensive and balanced program to stimulate our domestic savings rate and lower the cost of capital to American business. This, coupled with President Bush's proposed dramatic reduction in the federal budget deficit, will allow more funds to flow into productive investment in this country.

The President calls upon the Congress for speedy enactment of these provisions. The sooner we can provide incentives for American families to save and for American business to invest for the long term, the more certain we can be that the current record setting peacetime recovery will continue.

### Family Savings Account (FSA)

- o Married couples with Adjusted Gross Income (AGI) under \$120,000, singles with AGI under \$60,000, and taxpayers who are Heads of Household with AGI under \$100,000 are eligible, if they have earned income and are not dependents on another return.
- o Each person may contribute, per year, up to \$2,500 (couples up to \$5,000) or the amount of their compensation that year, whichever is less.
- o Contributions are not tax deductible when made. The funds deposited in the account must be made in cash, (existing securities may not be used), and may be invested in any investment vehicle except for insurance contracts or collectible items such as stamps or art work.
- o Contributions are never subject to tax when withdrawn.
- o Earnings on deposits at least 7 years old may also be withdrawn tax free. Earnings are taxed only if they are attributable to money on deposit less than 7 years. Earnings on deposits at least 3 years old are taxed like regular interest income when withdrawn. Earnings on deposits made less than 3 years prior to withdrawal will be subject to income tax and also to a 10 percent penalty tax when withdrawn.
- o The Family Savings Account program is particularly beneficial to those who make a habit of saving. A family that contributes \$2,500 each year to a Family Savings Account paying 8 percent interest would have over \$73,000 saved after 15 years.

### Capital Gains Tax Rate Reduction

- o The President proposes a phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually only assets held at least 3 years would receive the full exclusion.

<u>Year Sold</u>	<u>Years Held</u>		
	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

- o A 30 percent exclusion would effectively lower the capital gains tax rate to 19.6 percent for a taxpayer in the 28 percent tax bracket. The effective tax rate would be reduced to 10.5 percent for a taxpayer in the 15 percent tax bracket and to 23.1 percent for a taxpayer in the 33 percent tax bracket.
- o Corporations would not be eligible for a capital gains tax rate reduction.
- o In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion.
- o This reduction benefits a wide cross-section of Americans. In 1987, 72 percent of the tax returns with capital gains were filed by taxpayers with other income of less than \$50,000. These taxpayers reported fully 41 percent of the net gains reported that year.
- o The U.S. Department of Treasury estimates that this change will permanently increase tax revenue without taking into account the positive effects this change will have on economic growth.

### Home Ownership Initiative

- o Americans will be able to withdraw up to \$10,000 from an IRA for a first time home purchase without penalty. The home must cost less than 110 percent of the median home price in the geographic area in which they are buying.
- o This could save an American family seeking to buy their first home up to \$1,000 compared to current law. Current law imposes a 10 percent excise tax, on top of any regular tax owed, for withdrawals from an IRA account.
- o This proposal is targeted toward low and moderate income families who do not currently own their own home. Higher income families are not eligible for the up front deduction on an IRA under current law unless they are not covered by another pension plan.
- o More families will make use of the IRA as an investment tool. Evidence indicates that younger families do not make as great a use of the IRA as do older couples. This provides an incentive for taxpayers of all age groups to participate in the IRA system.

## Talking Points on the Family and Medical Leave Act Veto

The President today vetoed the Family and Medical Leave Act. This legislation included federally mandated benefits that were both unnecessary and unwise:

- The President has long believed that families are important, and he has consistently supported voluntary parental leave arrangements.
- His opposition to the parental leave legislation passed by the Congress is based on its rigid, mandated, federally-imposed requirements. This legislation denies employers and employees the benefits associated with flexibility and choice. Time off for a child's birth or adoption, or for family illness, is an important benefit for employers to offer employees voluntarily.
- Currently, 81 percent of employees covered by collective bargaining agreements receive job protected medical leave of 8 weeks or more. 55% receive some family leave in addition to medical leave. Also, 74% of employers provide maternity leave in their contracts with unions.
- Family and medical leave are only one of many benefits that are regularly negotiated between employers and employees. By substituting a "one size fits all" government mandate, this legislation ignores the differing family needs and preferences of employees and unduly limits the role of labor-management negotiations.
- All Federal agencies have been directed by the Office of Personnel Management to provide maximum flexibility for workers who wish to take unpaid leave for family or medical reasons.

According to a 1989 Employee Benefits Survey of medium and large private establishments conducted by the Bureau of Labor Statistics:

- Unpaid maternity leave, averaging 20 weeks, was available to 37 percent of employees; it had been 33 percent in 1988.
- Employer-subsidized child care benefits were available to 5 percent of employees.
- Reimbursement accounts, allowing employees to pay for qualified expenses with pre-tax dollars, were available to 23 percent of employees, up from 12 percent in 1988.

Child care, elderly dependent care, and medical care expenses were the most common items covered by reimbursement accounts.

- Flexible work schedules were available to 11 percent of employees.
- Employee assistance programs (providing counseling and referral services for substance abuse, family, financial, legal, and similar problems) were available to 49 percent of workers, up from 43 percent in 1988.

Thus, it is apparent that today's working environment is already responding to these needs according to the principles of flexibility and choice. The mandated approach taken by the Congress was inappropriate and without justification.

# Fraud Was Only a Small Factor In S&L Losses, Consultant Asserts

Study Cites Falling Values  
In Real Estate Market,  
High Interest Rates Paid

By PAULETTE THOMAS

Staff Reporter of THE WALL STREET JOURNAL  
WASHINGTON—You wouldn't know it from listening to Congress and the Bush administration these days, but only a small part of the billions of dollars in savings-and-loan losses went to fraud, an industry consultant says.

The "S&L crooks" being pilloried on Capitol Hill actually are responsible for \$5 billion, or roughly 3%, of the losses now

### S&L Handouts and Debris

Even as lawmakers distance themselves from the S&L crisis, many still rake in contributions from thrift-industry PACs. The thrift agency unveiled its \$3.7 billion portfolio of "junk" bonds inherited from S&Ls, with shrunken values. Stories on pages A14 and C1.

being absorbed by taxpayers, according to savings-and-loan consultant Bert Ely of Ely & Co., Alexandria, Va. Most of the losses come from falling real estate values and from excessive interest rates paid by sick thrifts to attract depositors, he calculates.

Mr. Ely estimates the federal government's total losses on S&Ls at \$147 billion, excluding interest based on current borrowing. The administration's latest forecast puts the losses at between \$90 billion and \$130 billion, not including interest. Economists project that the final bill over 40 years, including interest, could exceed \$500 billion.

Mr. Ely, a frequently quoted analyst and consultant, was among the first to estimate how high the thrift losses would actually pile up. His study, he says, is a rough answer to the question: Where did the S&L money go? It is a question that was being asked with increased urgency in recent weeks as it became clear that the S&L cleanup was having a devastating effect on the federal budget.

Using admittedly imprecise estimates based on reports that the S&Ls themselves submit to government regulators, as well as other macroeconomic data, the study nonetheless carves the S&L puzzle into pieces that can be compared by size. "I don't think anyone has tried to put all the numbers together in a meaningful way," Mr. Ely says.

Some loss categories are relatively easy to ascertain, Mr. Ely says. For example, the thrift industry's junk-bond holdings amount to about \$3 billion in losses. The study assumes a 20% loss on \$15 billion, the most that S&Ls invested in the high-risk, high-yield instruments at any one time. That represents losses on both the market value of the bonds and the bond issuers' defaults.

"To listen to some people on Capitol Hill, you would think junk bonds caused the end of Western civilization," Mr. Ely says. "That's just not true."

He estimates that because pre-1983 losses weren't addressed at the time, an

### Where the S&L Money Went: One Estimate

(In billions of dollars)

Interest on pre-1983 losses	\$43
Pre-1983 losses	25
Real estate losses	28
Excess operating costs at insolvent S&Ls	14
Excess interest paid at insolvent S&Ls	14
Deteriorated franchise costs	7
Fraud	5
Excess cost of '88 deals	5
Losses on junk bonds	3
Losses on other non-real estate investments	3
<b>TOTAL</b>	<b>\$147</b>

Source: Ely & Co.

additional \$43 billion in interest costs piled up. The next biggest chunk of losses, \$28 billion, stems from real estate, including falling property values, poor judgment in evaluating loans and the physical deterioration of repossessed real estate.

A further \$25 billion stems from S&L losses prior to 1983. Millions of homebuyers acquired fixed-rate mortgages while overall interest rates rose during the 1980s. They benefit every month, while the thrifts lose money.

About \$14 billion went straight into the pockets of depositors at insolvent institutions. To attract deposits, those ailing thrifts, with roughly \$350 billion in deposits, paid interest rates one-half to three-quarters of a percentage point higher than healthy competitors paid—knowing that even if they failed, the government would pick up the tab. That cash also benefited deposit brokers, who routinely moved around \$100,000 blocks of government-insured money to chase the highest rates.

The Resolution Trust Corp. said yesterday that it expects to bring major fraud actions at 40% of the roughly 450 failed savings and loan associations. But even so, industry and government sources say the government will recoup far less than \$1 billion. Nonetheless, assailing S&L fraud has been a recurring theme in Congress, and it prompted President Bush last month to hold a virtual pep rally with several hundred federal prosecutors to encourage them to catch S&L looters. Neil Bush, the president's son, is facing administrative charges over alleged conflicts of interest at an insolvent S&L where he was a director.

Economists say that government officials attribute the S&L mess to fraud because it's easier to do so than to explain why they delayed the cleanup and added to the costs: "If there was so much fraud," asks James Barth, an Auburn University economist formerly with the thrift regulatory agency. "Why are we just hearing about it today? If it was there for all those years, who is committing the fraud, the government or the people at the institutions?"

## POLITICS &amp; POLIC

# Lawmakers Hold S&L Crisis at Arm's Length Even as They Keep a Hand Out for PAC Funds

By JILL ABRAMSON

Staff Reporter of THE WALL STREET JOURNAL  
WASHINGTON — Last year, with the savings-and-loan industry seemingly fatally tainted, the once-mighty U.S. League of Savings Institutions considered dismantling its political-action committee.

It's a good thing the industry's lobbying arm didn't take that step. At least, it's a good thing for a lot of congressmen and senators. For despite the industry's financial straits, the Keating Five scandal and public criticism of the league itself as a symbol of excessive influence peddling, incumbents are still eagerly lining up for campaign contributions from its PAC this campaign season.

Already, it has contributed \$233,174 to 1990 congressional candidates, a sum it expects to grow to \$500,000 by Election Day. "We're still being solicited," says Frederick Webber, the league's president. "People aren't bashful about asking us for money." At least two or three fund-raising solicitations from members of Congress arrive each day at the league's headquarters near the White House.

Even as lawmakers stampede to distance themselves from the savings-and-loan crisis, many are still raking in PAC contributions not just from the league but from the entire industry. Some of those who are filling their campaign coffers with S&L-related contributions are incumbents whose own 1990 re-election drives are being threatened by the partisan mudslinging over the S&L issue.

## Vast Majority

"Basic political sense would tell congressmen to turn off the S&L faucet for the duration of scandal," says Larry Sabato, a professor at the University of Virginia who has written a book about PACs.

So far in the 1989-90 election cycle, political-action committees associated with

## Top Thrift PAC Recipients

(1989-90)

Rep. Howard Berman (D., Calif.)	\$14,100
Rep. Mel Levine (D., Calif.)	14,000
Rep. Esteban Torres (D., Calif.)	13,000
Rep. Carroll Hubbard (D., Ky.)	12,077
Sen. Tom Harkin (D., Iowa)	11,000
Sen. Larry Pressler (R., S.D.)	10,500
Sen. Rudy Boschwitz (R., Minn.)	9,700
Rep. Richard Lehman (D., Calif.)	9,600
Rep. Lawrence Smith (D., Fla.)	8,500
Rep. Norman Shumway (R., Calif.)	8,225

Source: Federal Election Commission and Common Cause

thrift interests have contributed more than \$650,000 to congressional candidates, according to Federal Election Commission records and data compiled by Common Cause. The vast majority has gone to incumbents, both Democrats and Republicans. By Election Day, the contributions are likely to reach \$1 million, according to several industry sources.

That's down from previous elections. In the 1987-88 election cycle, thrift PACs kicked in a record \$1.8 million to congressional campaigns. (The league accounted for nearly one-third of this amount.) In 1985-86, they gave \$1.6 million.

But the decline this time isn't nearly as substantial as some expected, given the number of S&L failures, the 25% reduction in the league's membership over the past 20 months and, most of all, the political taint that now accompanies such contribu-

One embattled incumbent still accepting thrift money is Rep. Stephen Neal (D., N.C.). Late last year, Rep. Neal, a senior member of the House Banking Committee, returned \$3,350 of campaign contributions that he had received from Charles Keating, Jr., the controversial former owner of Lincoln Savings & Loan, and his associates.

Ken Bell, Mr. Neal's GOP opponent, has also hammered the congressman for taking in \$47,100 in thrift PAC contributions during the 1980s and for voting with the industry on key legislation. "It's going to be the major issue in the campaign," says Mr. Bell. Mr. Neal's district was also blanketed by Common Cause, the self-styled citizens' lobby, with stinging advertisements over the July 4 holiday week that linked the S&L scandal directly to campaign contributions and highlighted his PAC receipts from special interests.

## 'Tiny Percent'

But all that hasn't stopped the congressman from accepting \$3,500 from the league's PAC for his 1990 campaign. Rep. Neal calls the Common Cause ads "scurrilous," saying the thrift-related contributions he has received over the years represent "a tiny percent" of his overall fund raising. He adds that several healthy S&Ls in North Carolina belong to the league and that to turn down the group's donation for this campaign "would be saying something was wrong with our local S&Ls." He says: "They are decent people. I hate to see them smeared and tarred with the same brush as some crook out there."

Besides Mr. Neal, two other banking-panel members who are perceived as being vulnerable on the S&L issue have also accepted contributions from the savings league and other thrift PACs for their 1990 campaigns. Rep. Frank Annunzio (D., Ill.) has received \$4,500, and Rep. Doug Barnard (D., Ga.) has taken in \$2,600. In addi-

tion, Rep. Charles Pashayan (R., Calif.), whose past contributions from Mr. Keating are a hot issue in his race, has received \$1,600 from thrift PACs.

None of the Keating Five, the group of senators in trouble for their contributions from and intervention on behalf of Mr. Keating, are up for re-election this year. Three of them, however, have accepted small contributions from thrift PACs for their next campaigns. Sens. Alan Cranston (D., Calif.) and Dennis DeConcini (D., Ariz.) have each received \$2,000 from S&L PACs, while Sen. John McCain (R., Ariz.) has taken \$500.

Murray Flander, Sen. Cranston's press spokesman, says the senator is deliberately not doing much fund raising from S&L PACs for his 1992 election, despite having taken heavy thrift-related contributions in the past. "It's not an opportune time," says Mr. Flander, who frets that the senator might suffer political embarrassment if a thrift contributed to his campaign and subsequently failed.

Like Sen. Cranston, Rep. Joseph Kennedy (D., Mass.) appears to have undergone a sudden conversion. The Banking Committee member is eschewing thrift PAC contributions for his 1990 campaign, and earlier this week led a protest march to the league's office in Chicago. "The league was targeted because it represents an industry rife with problems," says Mr. Kennedy's press spokeswoman, Sue Wood. In 1988, however, Rep. Kennedy took a \$1,100 campaign contribution from the league's PAC. "If we'd known in 1988 what we know now, we wouldn't have taken money from the league," says Ms. Wood.

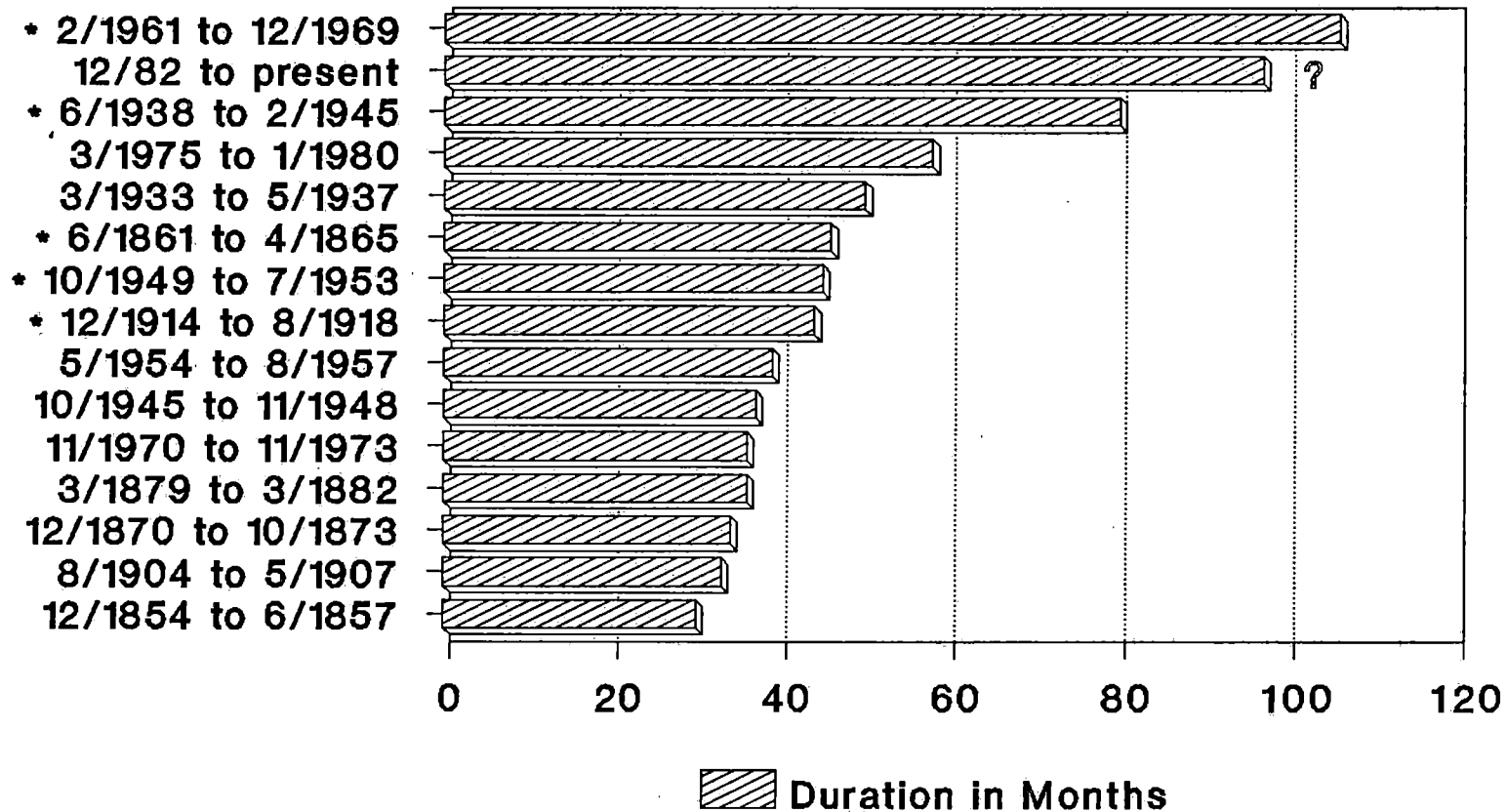
While the U.S. League of Savings Institutions is still making money available to those who will take it, at least one of its components isn't following suit. Earlier this year, the Iowa League of Thrift Institutions, the league's Iowa affiliate, decided not to make any PAC contributions to congressional candidates.

"With the thrift crisis and all the allegations about campaign contributions, we've abandoned our federal PAC and joined the efforts of Common Cause to achieve PAC reform," says Kent Klopfenstein, a member of the Iowa group.

**Economic Growth  
and  
Public Policy**

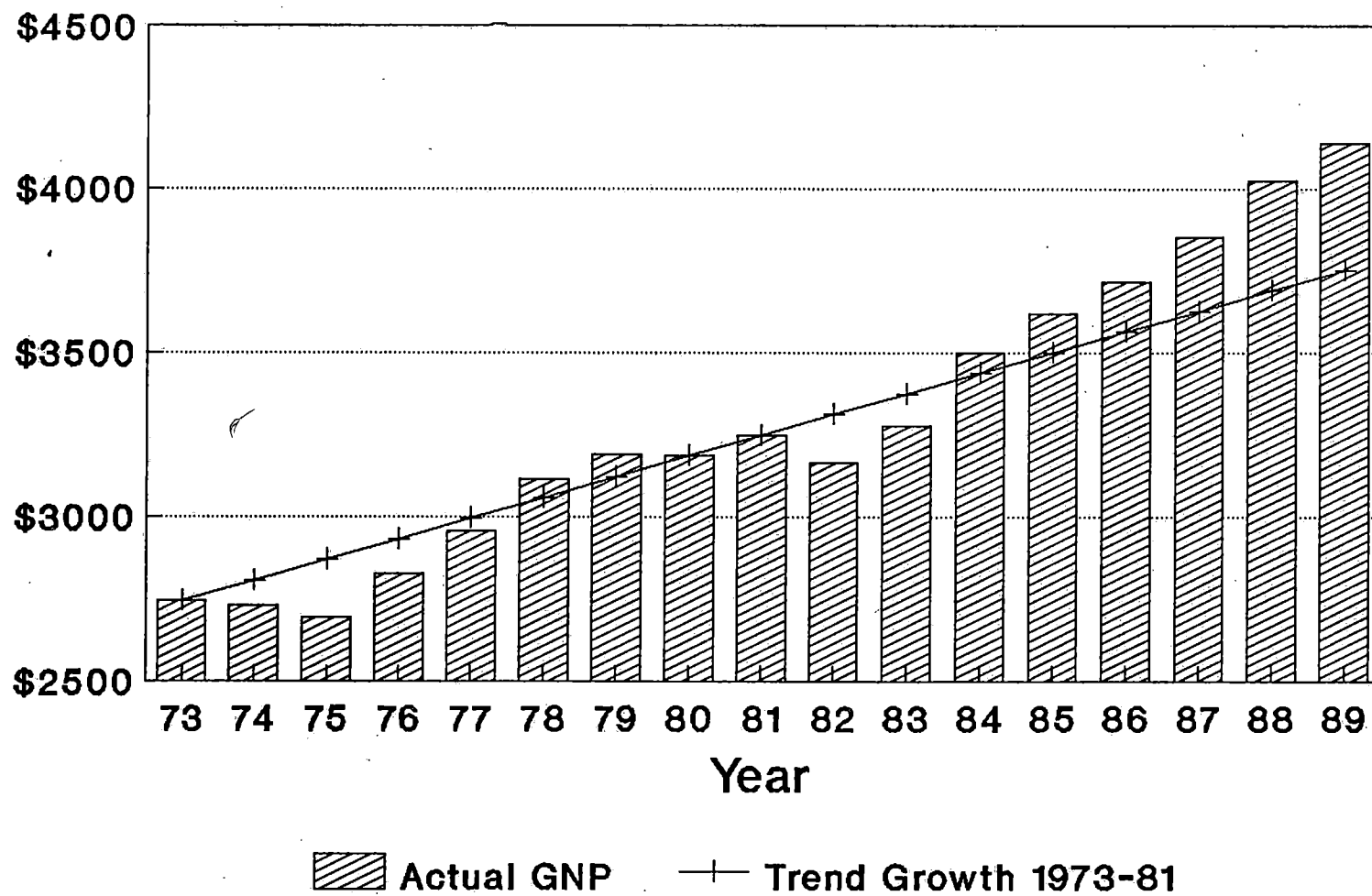
# US Business Cycle Expansions

## Longest 15



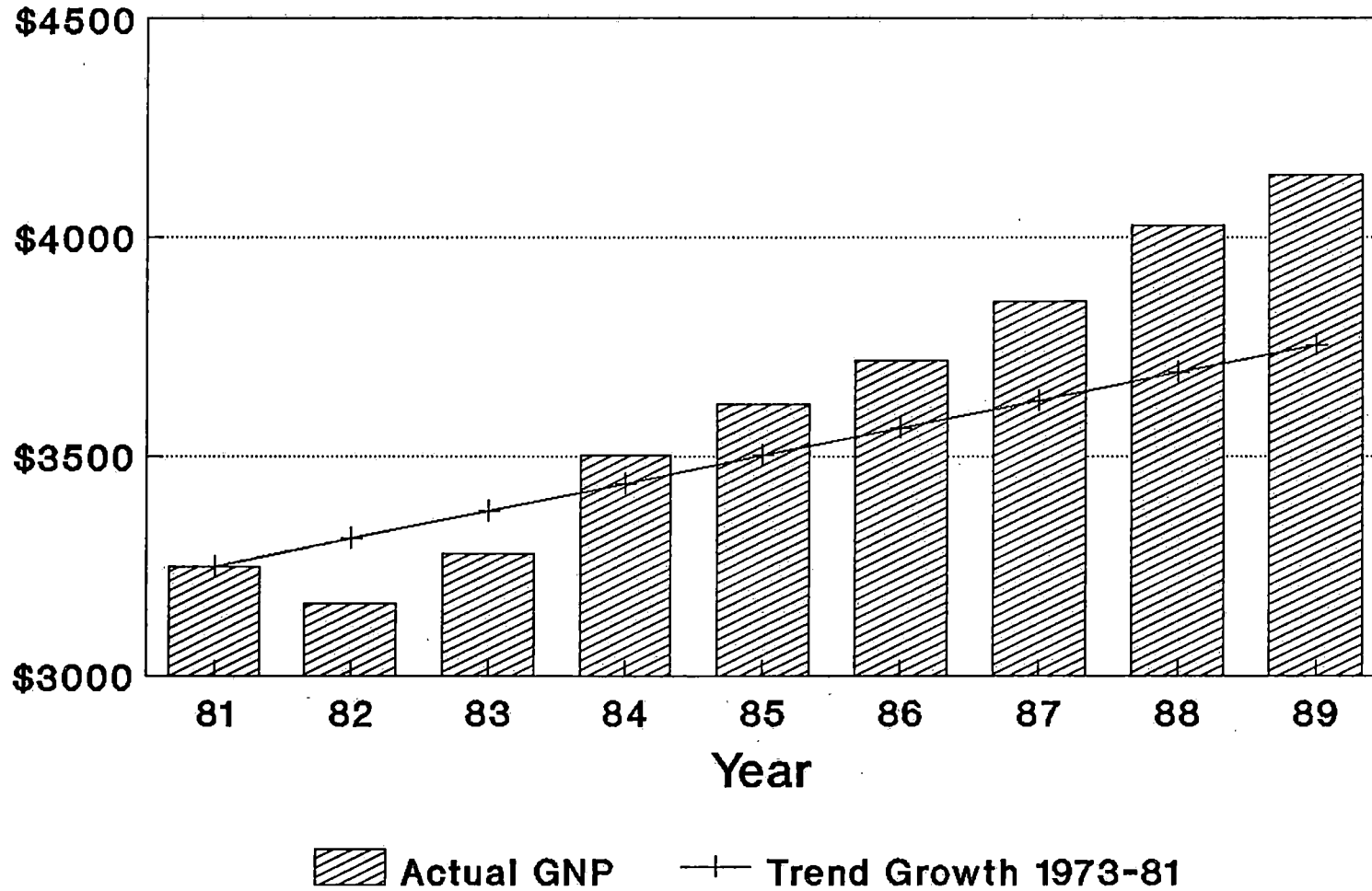
\* = Wartime Expansion

# Real GNP



All figures in billions, 1982 dollars

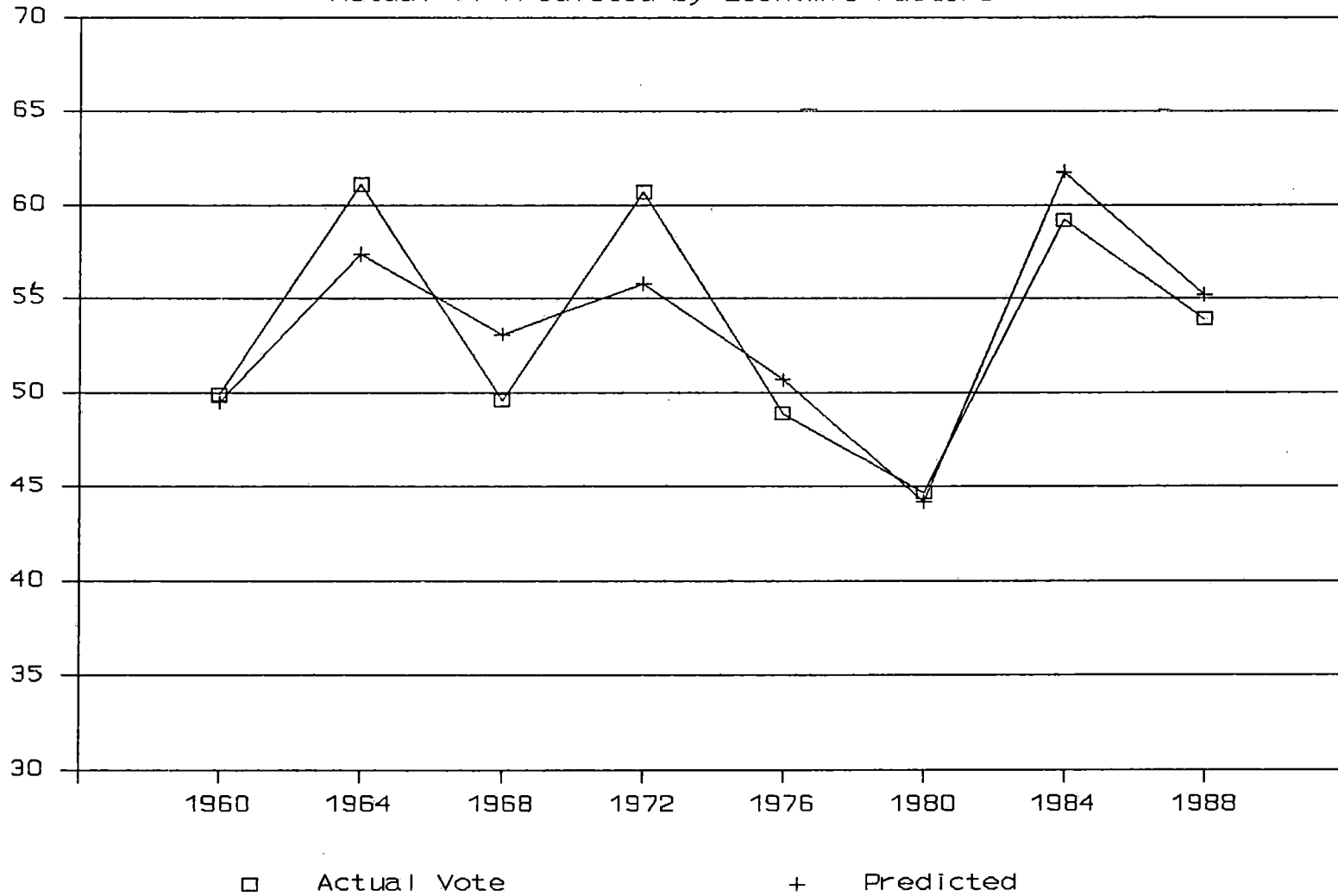
# Real GNP



All figures in billions, 1982 dollars

# Presidential Election Results

Actual v. Predicted by Economic Factors



## 1992 Elections

<u>Economic Forecast</u>	<u>1992 Economic Conditions</u>	<u>Election Result</u>
OPTIMISTIC 10%	STRONG GROWTH MODEST INFLATION FALLING UNEMPLOYMENT	55.8%
CONSENSUS 60%	SLOW BUT STEADY GROWTH STABLE INFLATION STABLE UNEMPLOYMENT	53.2%
RECESSION 30%	NEGATIVE GROWTH STABLE INFLATION RISING UNEMPLOYMENT	49.6%

# HOW TO SUSTAIN ECONOMIC GROWTH?

## THEORY 1: PRINT MONEY

Result => Works in short run (6 months)

Inflation followed by steep recession in long run.

## THEORY 2: GOVERNMENT SPENDING

Result => Higher interest rates or higher taxes

Slower long-term growth

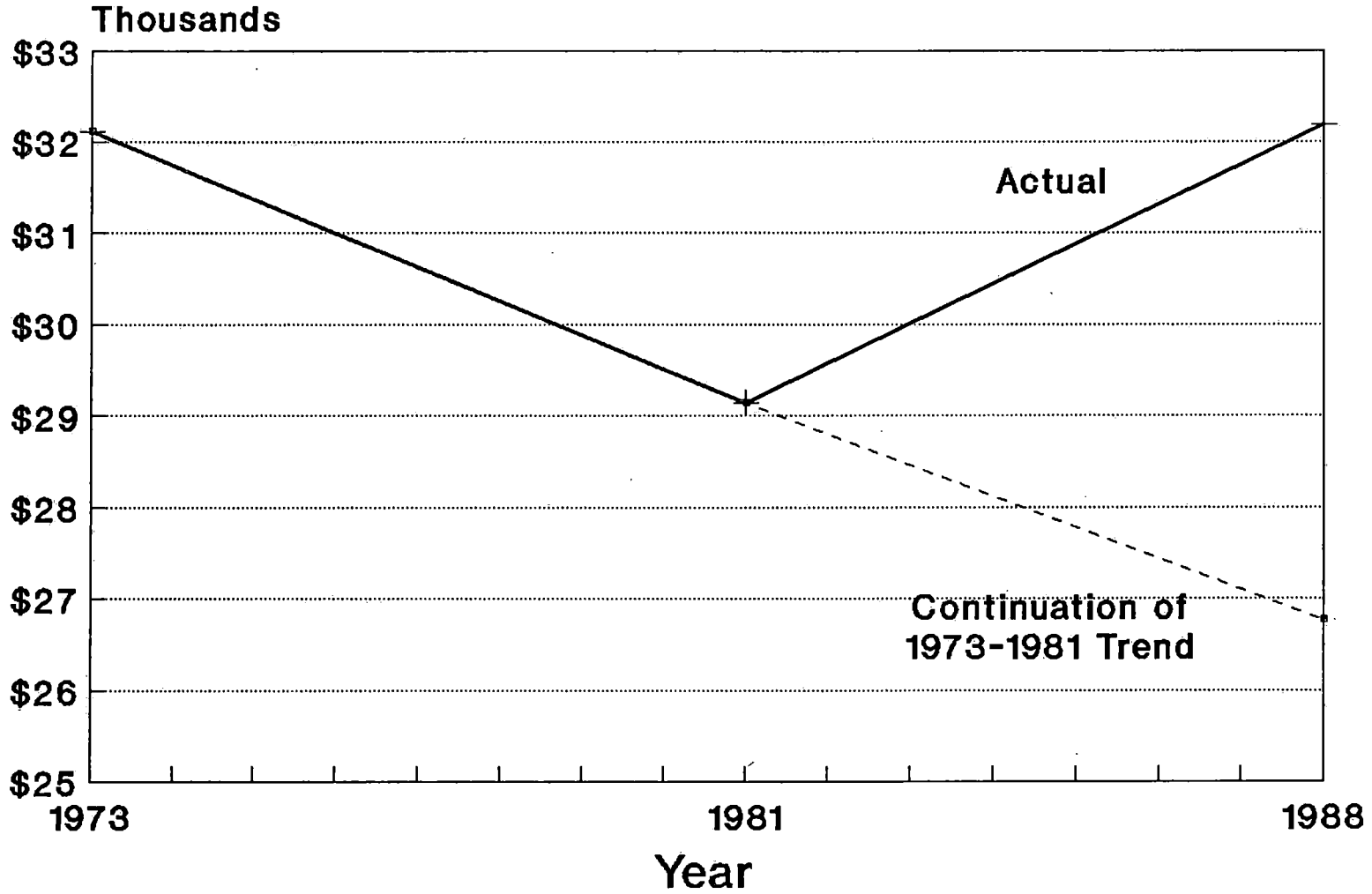
## THEORY 3: GET OBSTACLES OUT OF THE MARKET'S WAY

Result => Make special interests mad

Higher economic growth

Lower inflation and unemployment

# Real Median Income, All Families

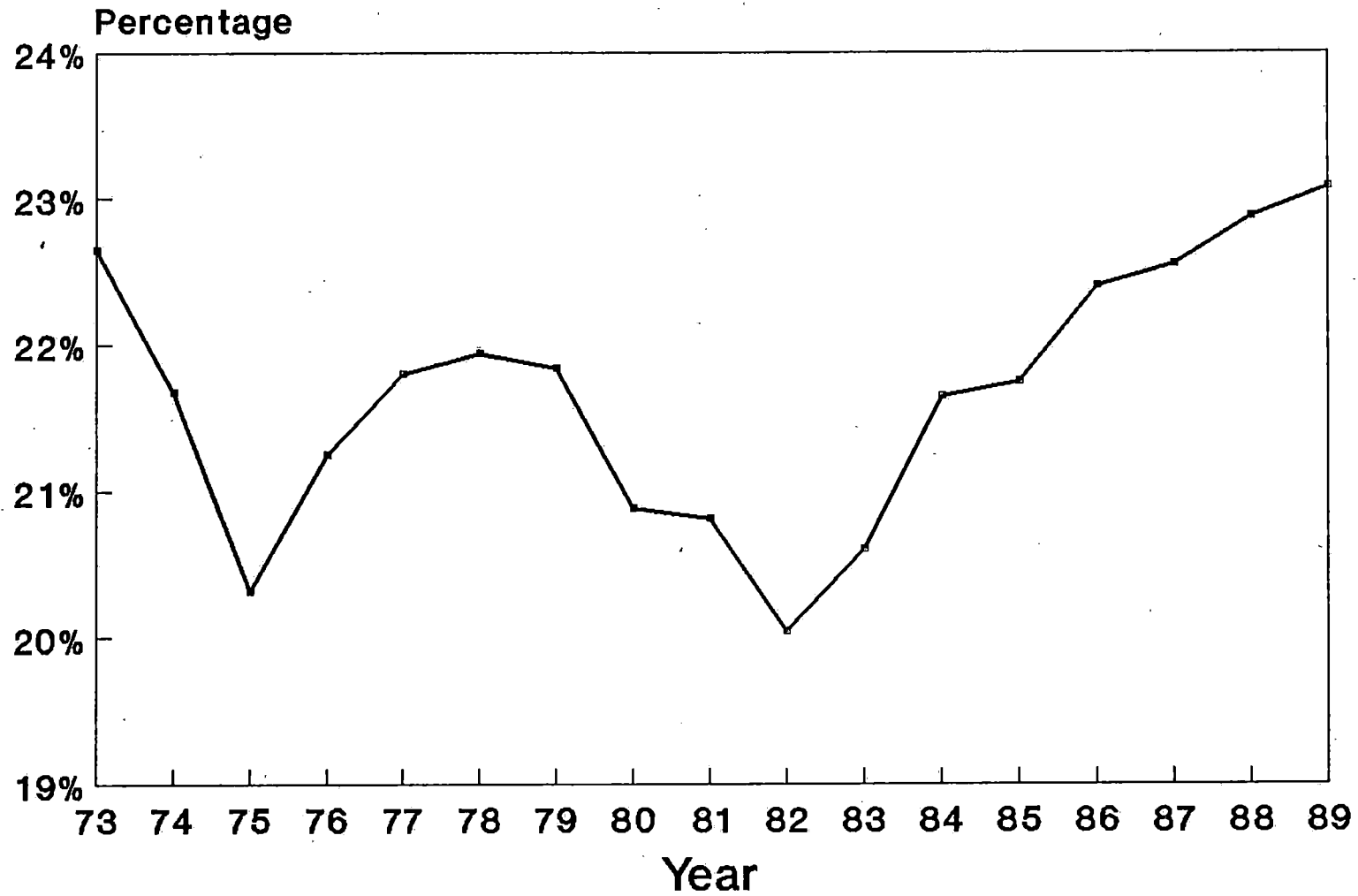


Constant 1988 dollars

# Change in Real Family Income by Quintile and Race

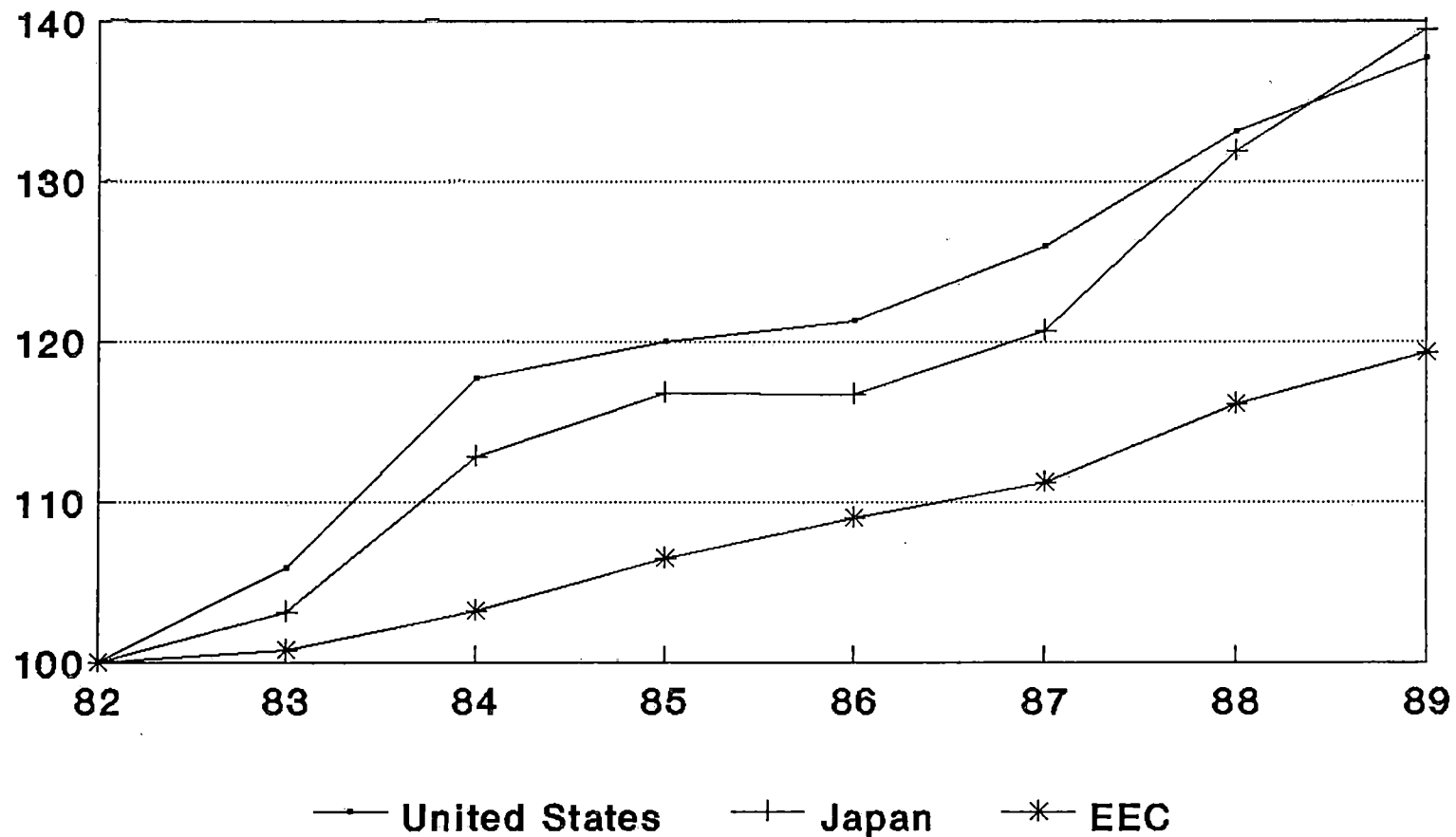
<u>Quintile</u>	<u>1973-1981</u>	<u>1981-1988</u>
Top Fifth	-5.5%	20.6%
2nd Fifth	-5.8%	12.9%
3rd Fifth	-7.9%	10.2%
4th Fifth	-12.0%	8.7%
Bottom Fifth	-15.8%	5.6%
Whites	-7.1%	15.0%
Blacks	-7.4%	16.5%

# Manufacturing Share of GNP



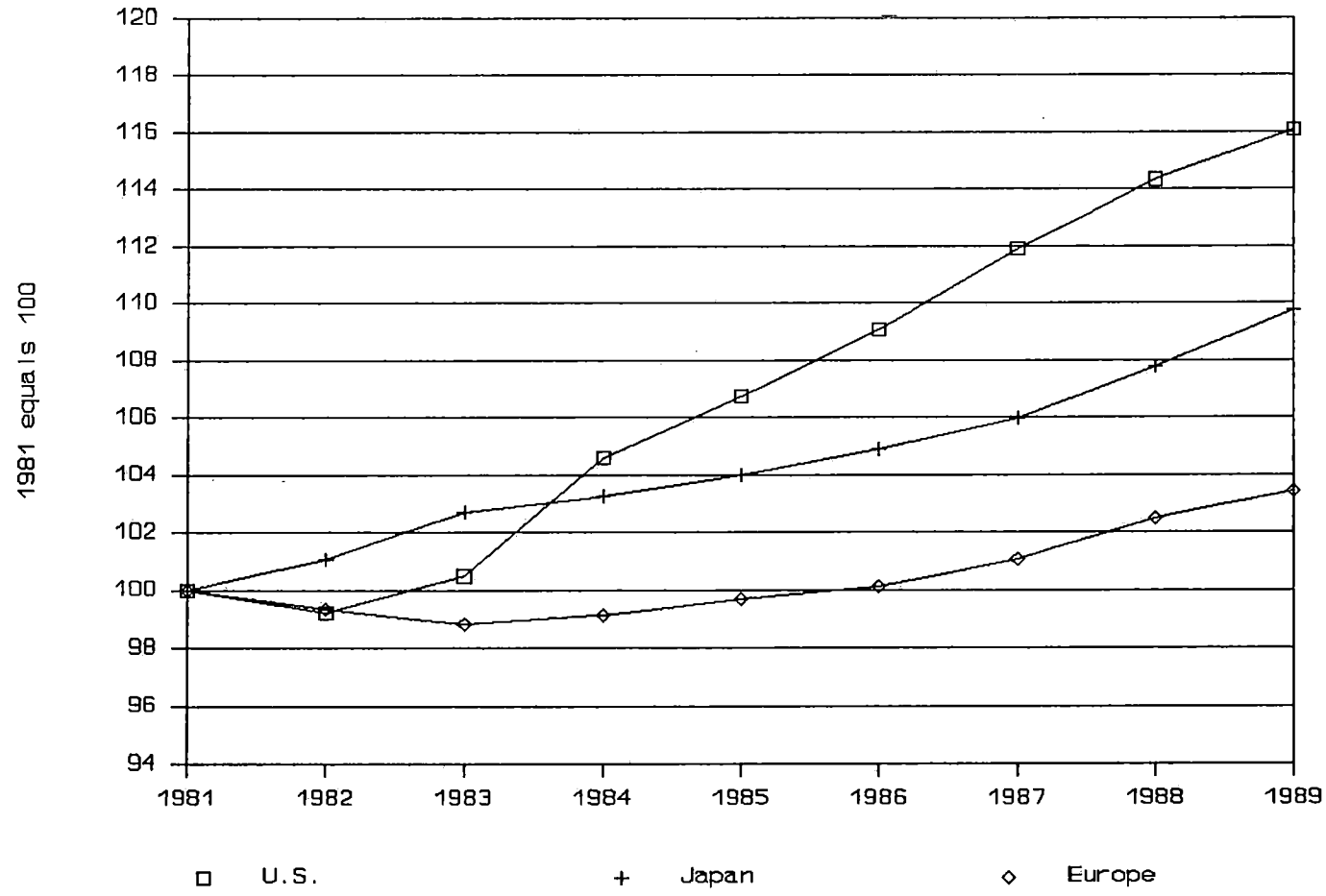
# Industrial Production Index

## USA, Japan, EEC, 1982-89

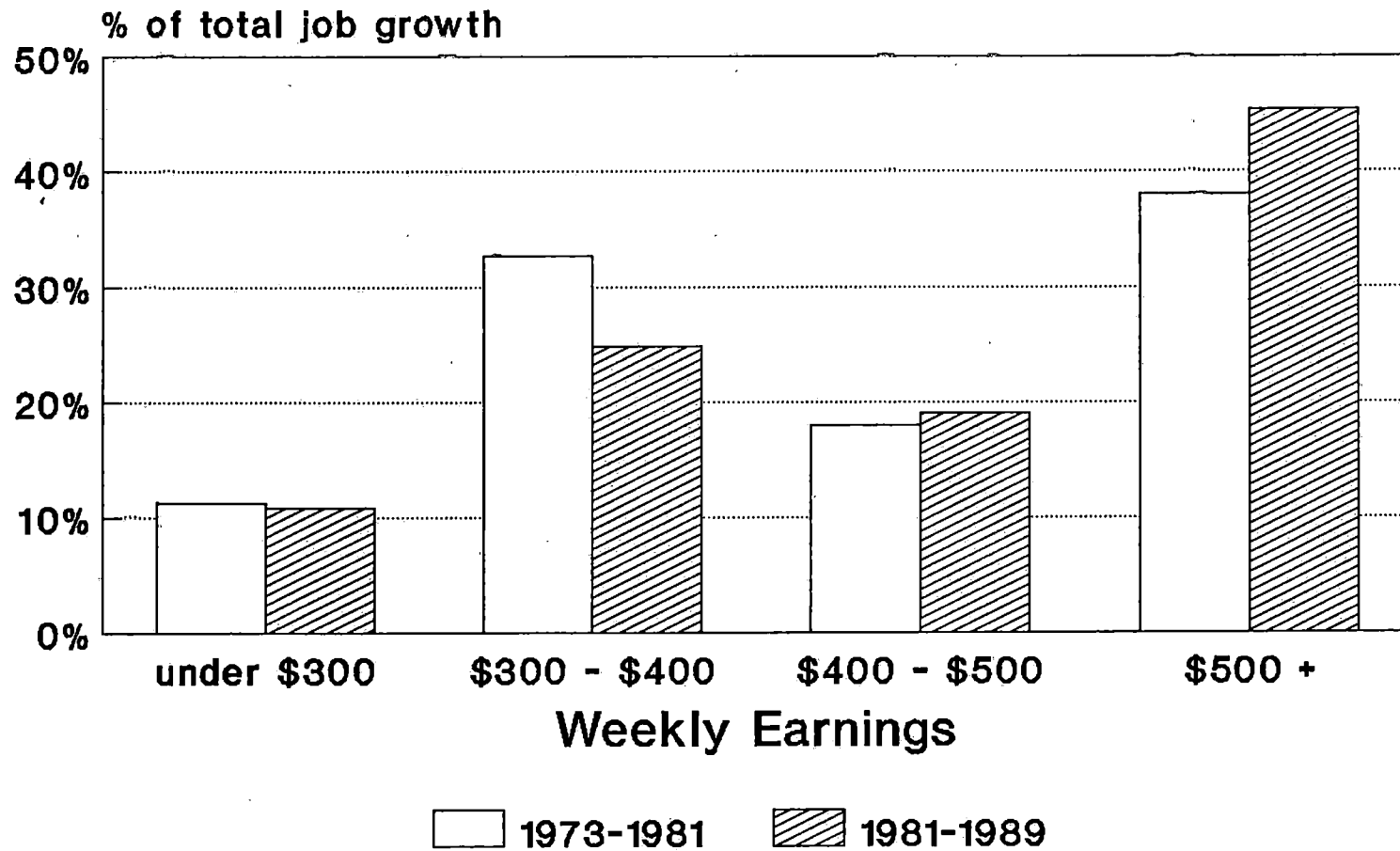


1982 level = 100

# Employment Growth

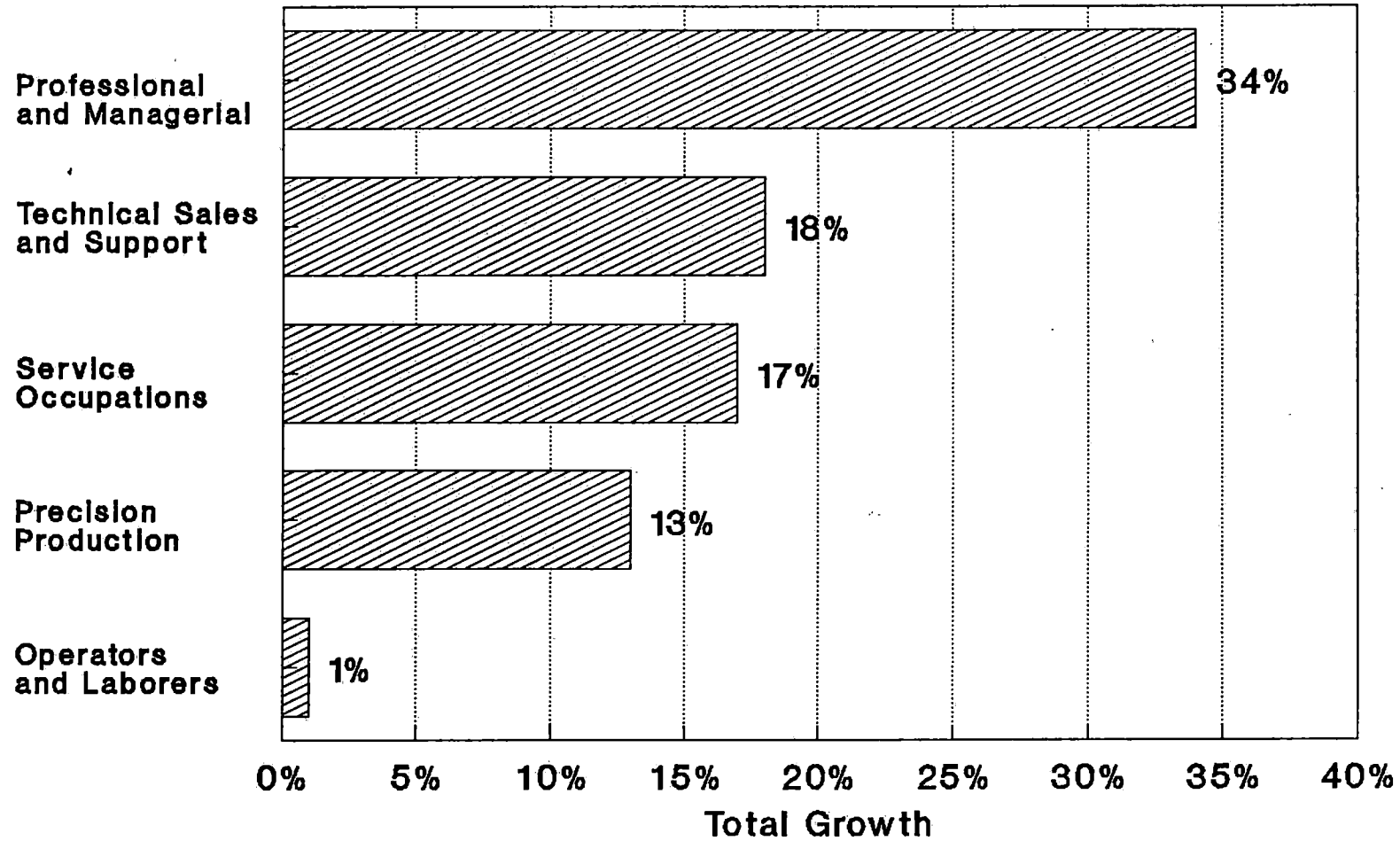


# Job Growth in High Paying vs. Low Paying Occupations



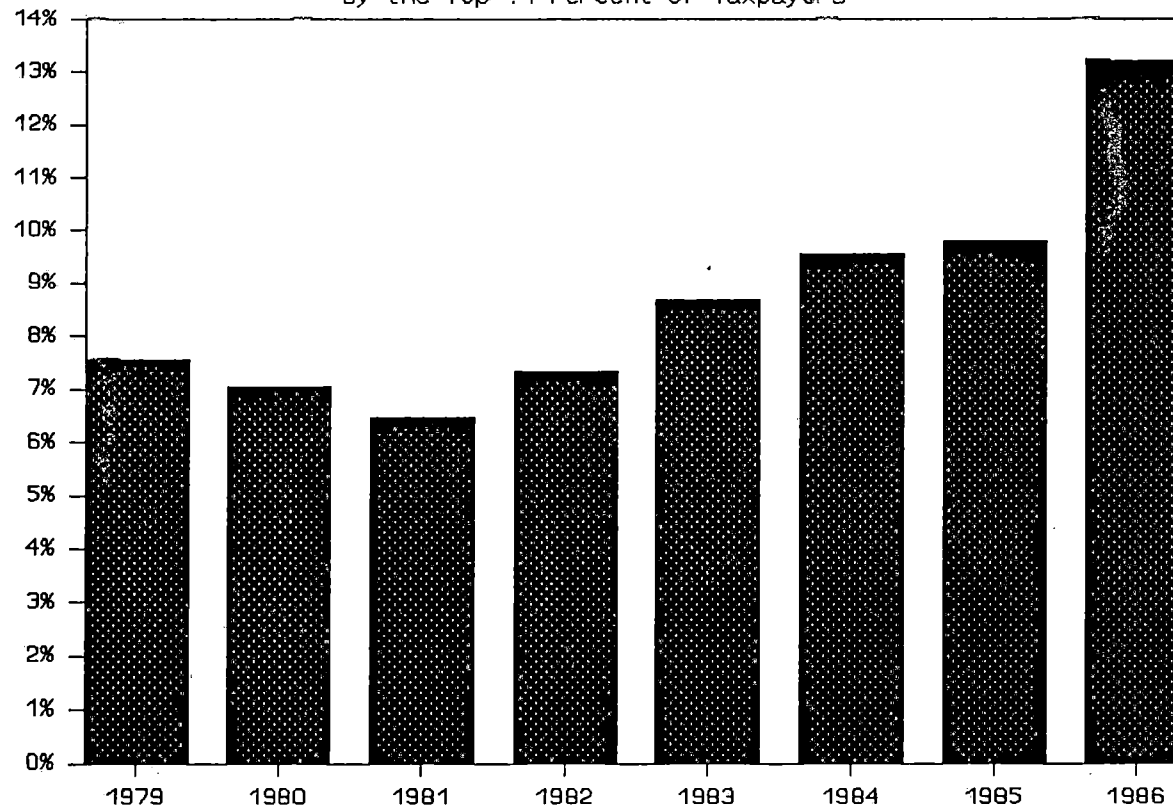
# Job Growth 1981-1989

Category



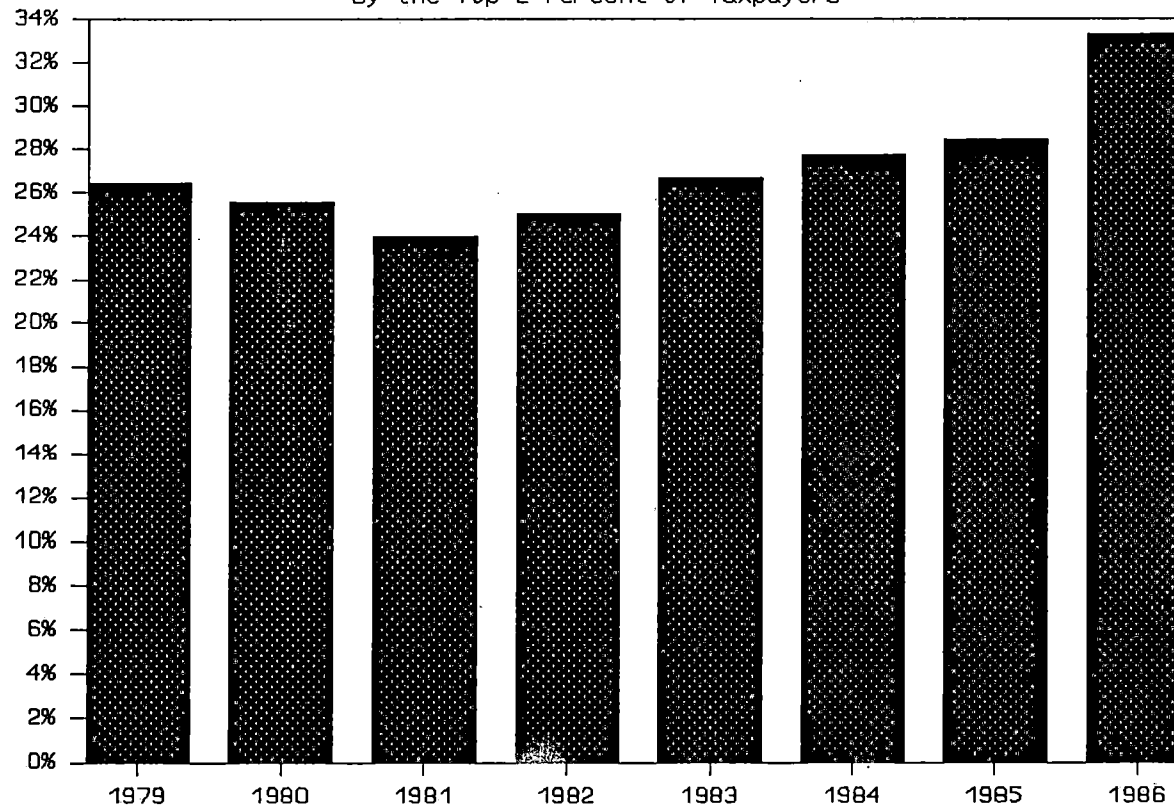
# Share of Personal Income Taxes Paid

By the Top .1 Percent of Taxpayers

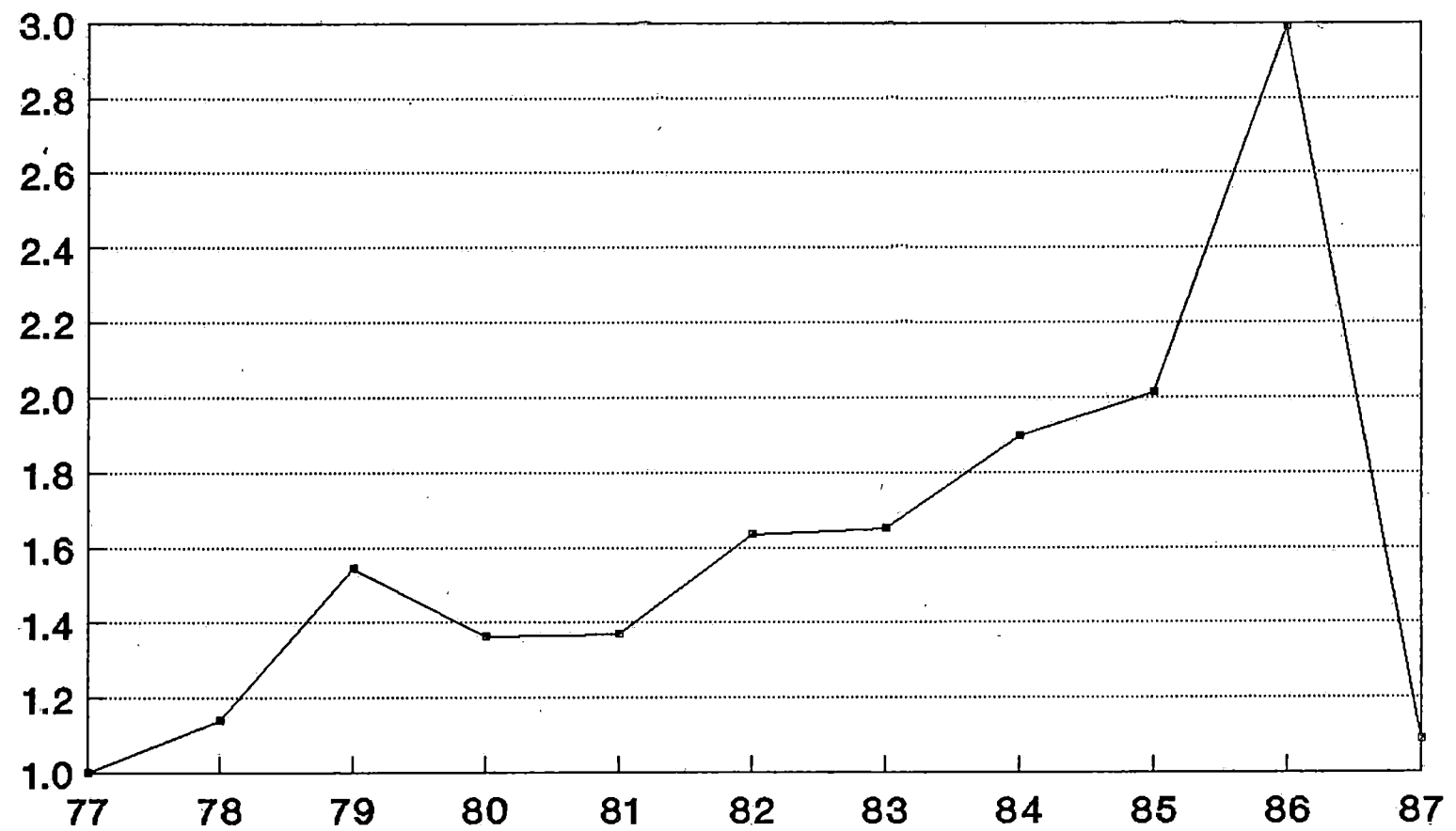


# Share of Personal Income Taxes Paid

By the Top 2 Percent of Taxpayers



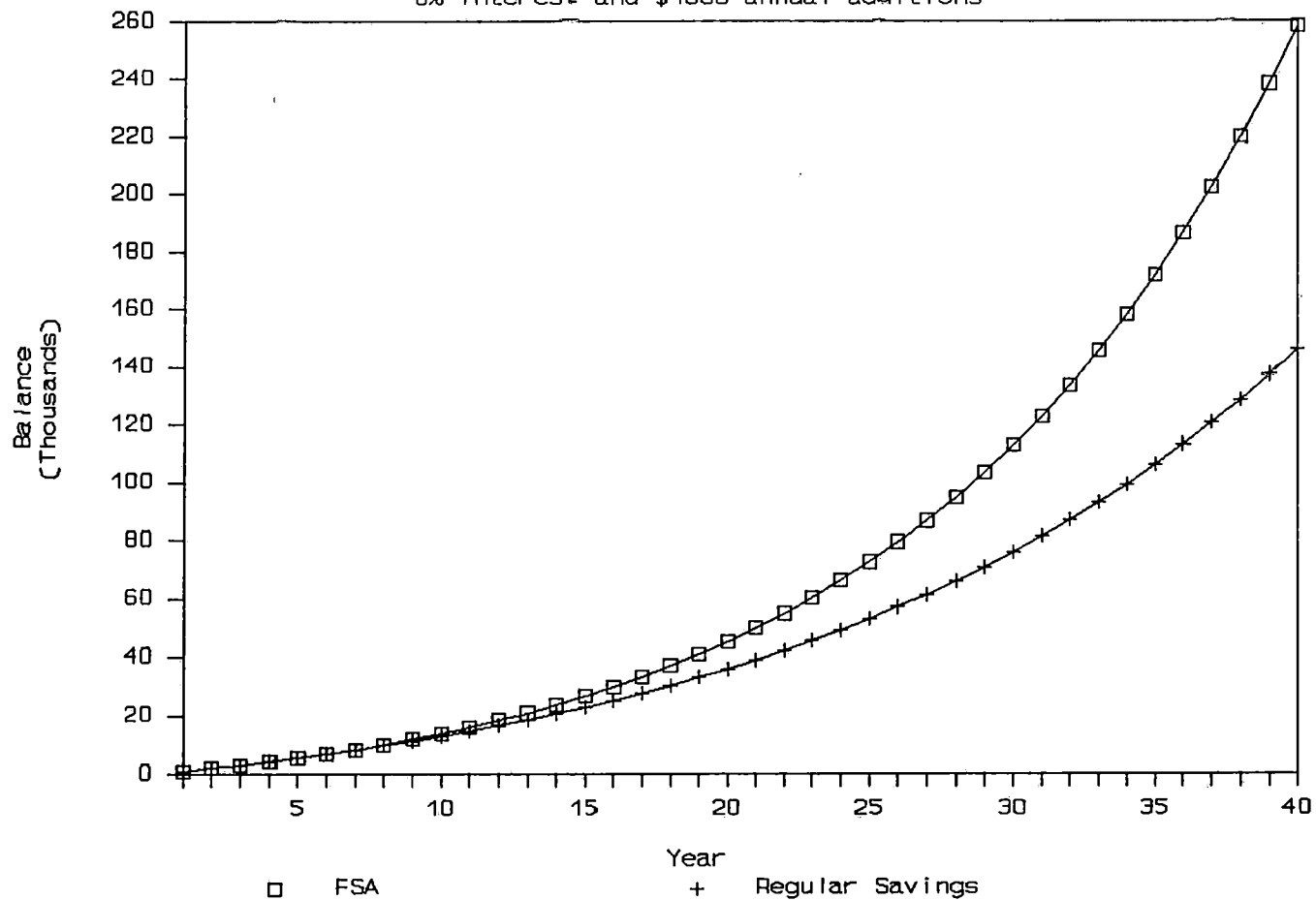
# Capital Gains Realizations vs. the Standard and Poor 500



1977 level = 100

# FSA's versus Regular Savings Accounts

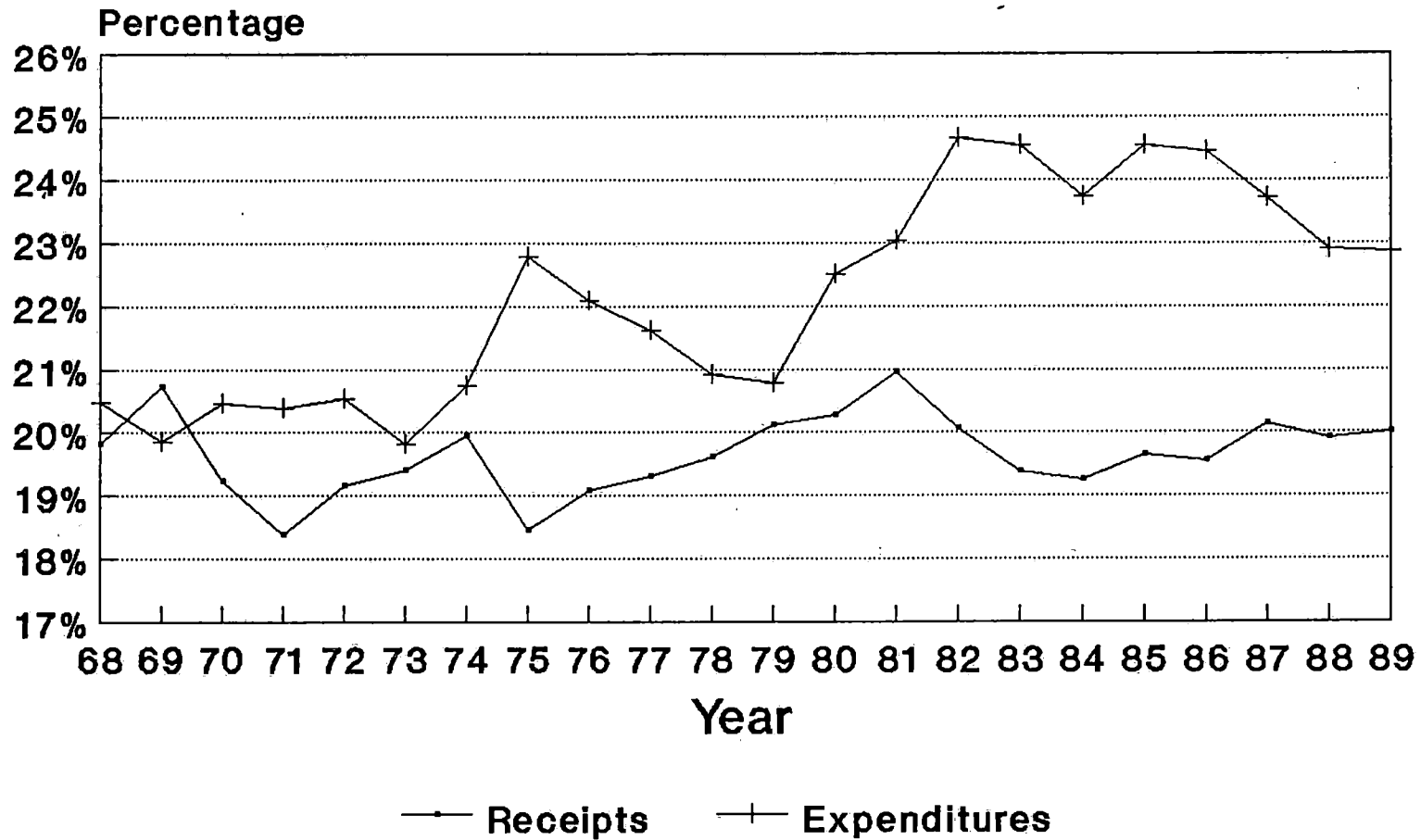
8% interest and \$1000 annual additions



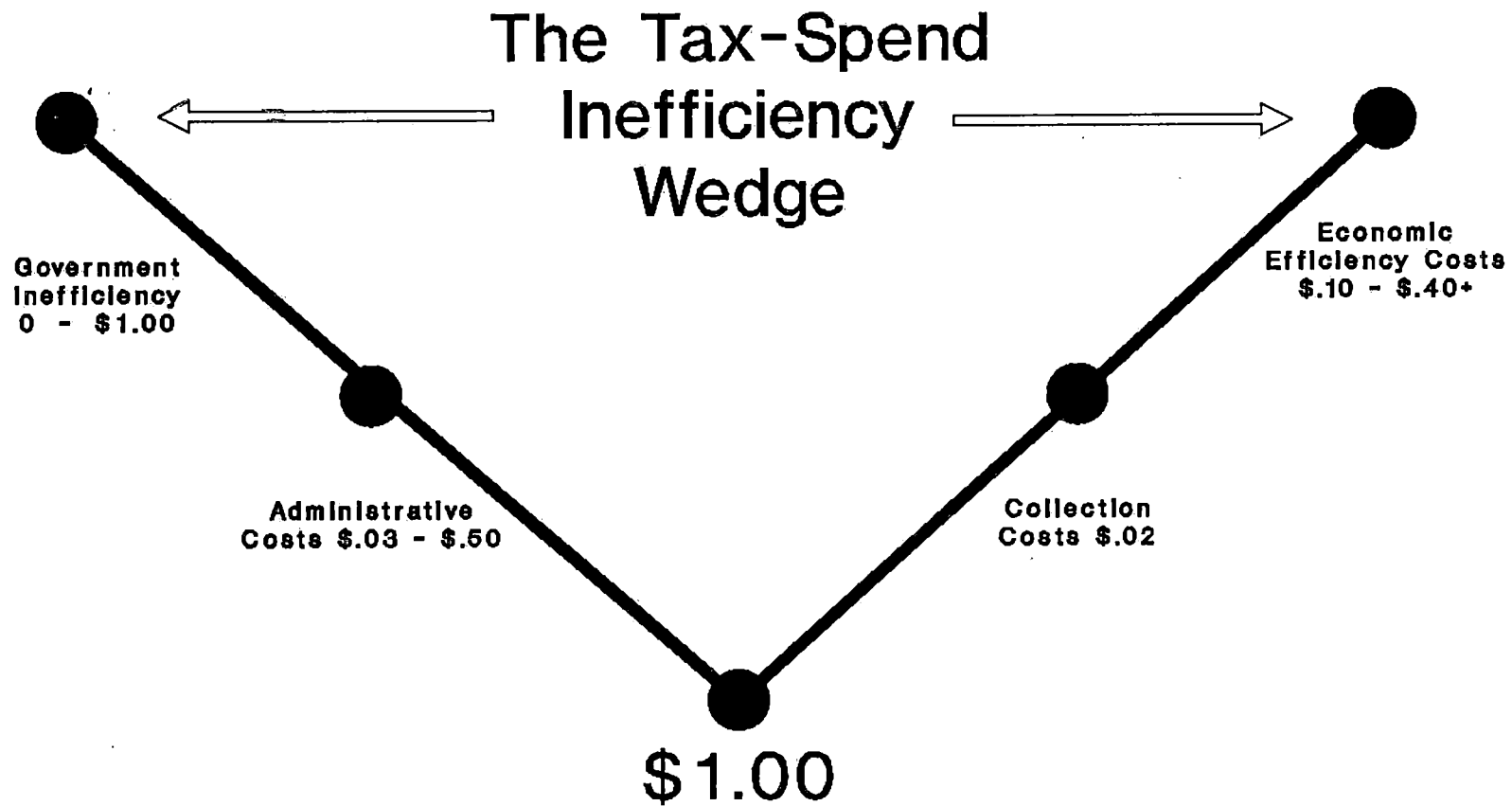
# Promoting Efficient Labor Markets

- Minimum Wage & Youth Sub-Minimum
- Family & Medical Leave Act
- Mandated Benefits & Mandated Costs
- Child Care
- Job Training Partnership Act

# US Government Receipts and Expenditures as Share of GNP



# The True Costs of Taxing and Spending



## Sources

1. **US Business Cycle Expansions:** National Bureau of Economic Research
2. **Real GNP:** Economic Report of the President, February 1990
3. **Real GNP:** Economic Report of the President, February 1990
4. **Presidential Election Results:** Economic Report of the President, February 1990, OPD Model
5. **1992 Election Results:** Data Resources Inc., OPD Model
6. **How to Sustain Economic Growth?:** OPD
7. **Real Median Income, All Families:** Bureau of the Census, Money Income and Poverty Status in the United States
8. **Change in Real Family Income by Quintile and Race:** Bureau of the Census, Money Income and Poverty Status in the United States
9. **Manufacturing Share of GNP:** U.S. Department of Commerce; Federal Reserve Board; Economic Report of the President, February 1990
10. **Industrial Production Index:** U.S. Department of Commerce; Federal Reserve Board; Economic Report of the President, February 1990
11. **Employment Growth:** U.S. Department of Labor, Bureau of Labor Statistics
12. **Job Growth in High Paying vs. Low Paying Occupations:** U.S. Department of Labor, Employment and Earnings
13. **Job Growth in 1981-1989:** U.S. Department of Labor, Employment and Earnings
14. **Share of Personal Income Taxes Paid:** Internal Revenue Service, Individual Tax Model File
15. **Share of Personal Income Taxes Paid:** Internal Revenue Service, Individual Tax Model File
16. **Capital Gains Realizations vs. the Standard and Poor 500:** Economic Report of the President, February 1990; U.S. Department of Treasury testimony, March 1990
17. **FSAs versus Regular Savings Account:** OPD
18. **Promoting Efficient Labor Markets:** OPD
19. **U.S. Government Receipts and Expenditures as Share of GNP:** Economic Report of the President, February 1990
20. **The True Cost of Taxing and Spending:** OPD

## **WHY WE ARE WINNING THE WAR AGAINST DRUGS**

- **Effective National Strategy**
- **Strong Leadership**
- **Changing Attitudes**
- **Empowered Public**

# **AMERICANS READY TO FIGHT**

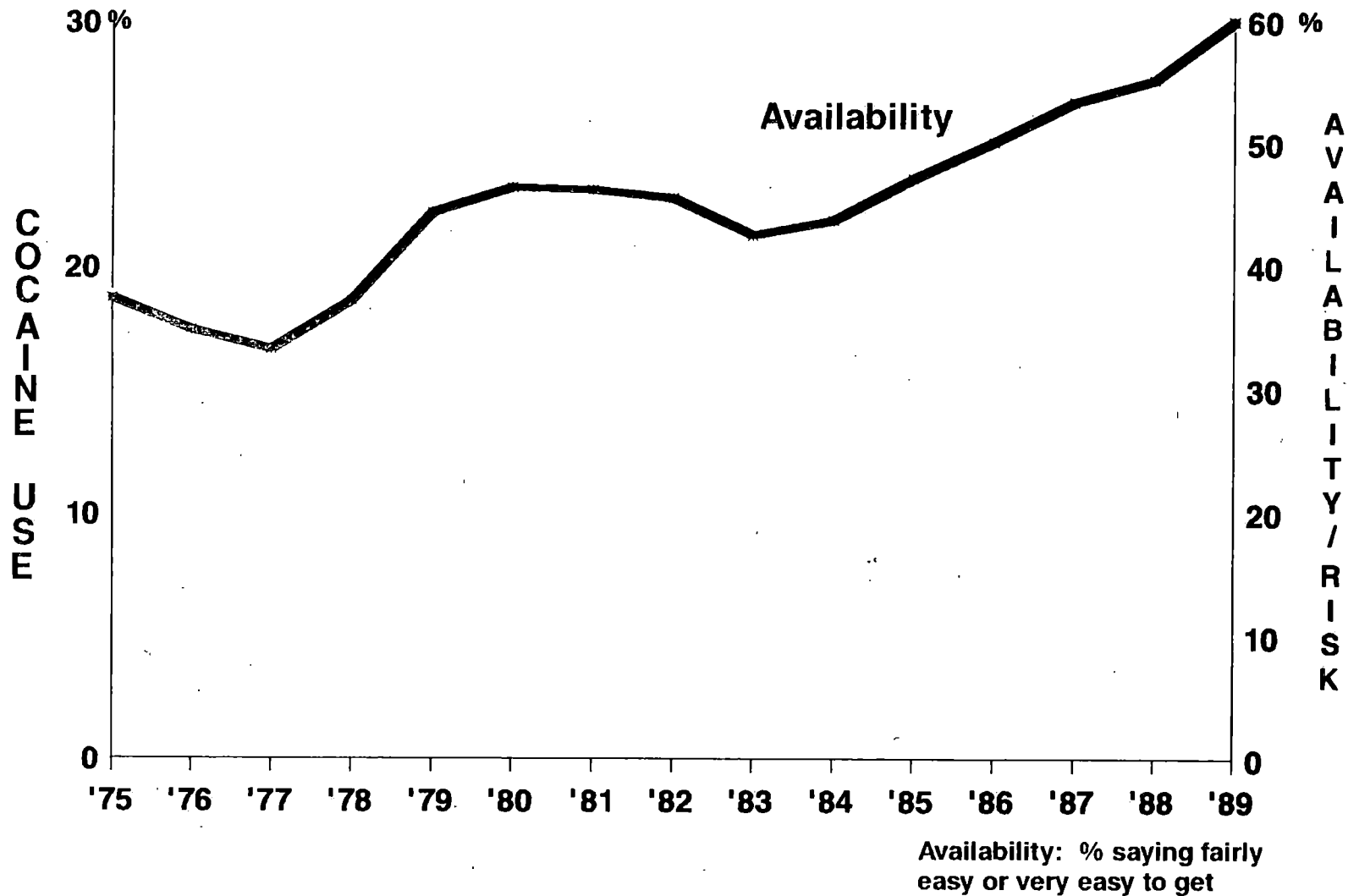
- **10% Involved in Anti-Drug Community Service**
- **60% Would Volunteer 5 Hours/Week**
- **53% Would Donate \$100**

**70% OF DRUG USERS  
ARE EMPLOYED**

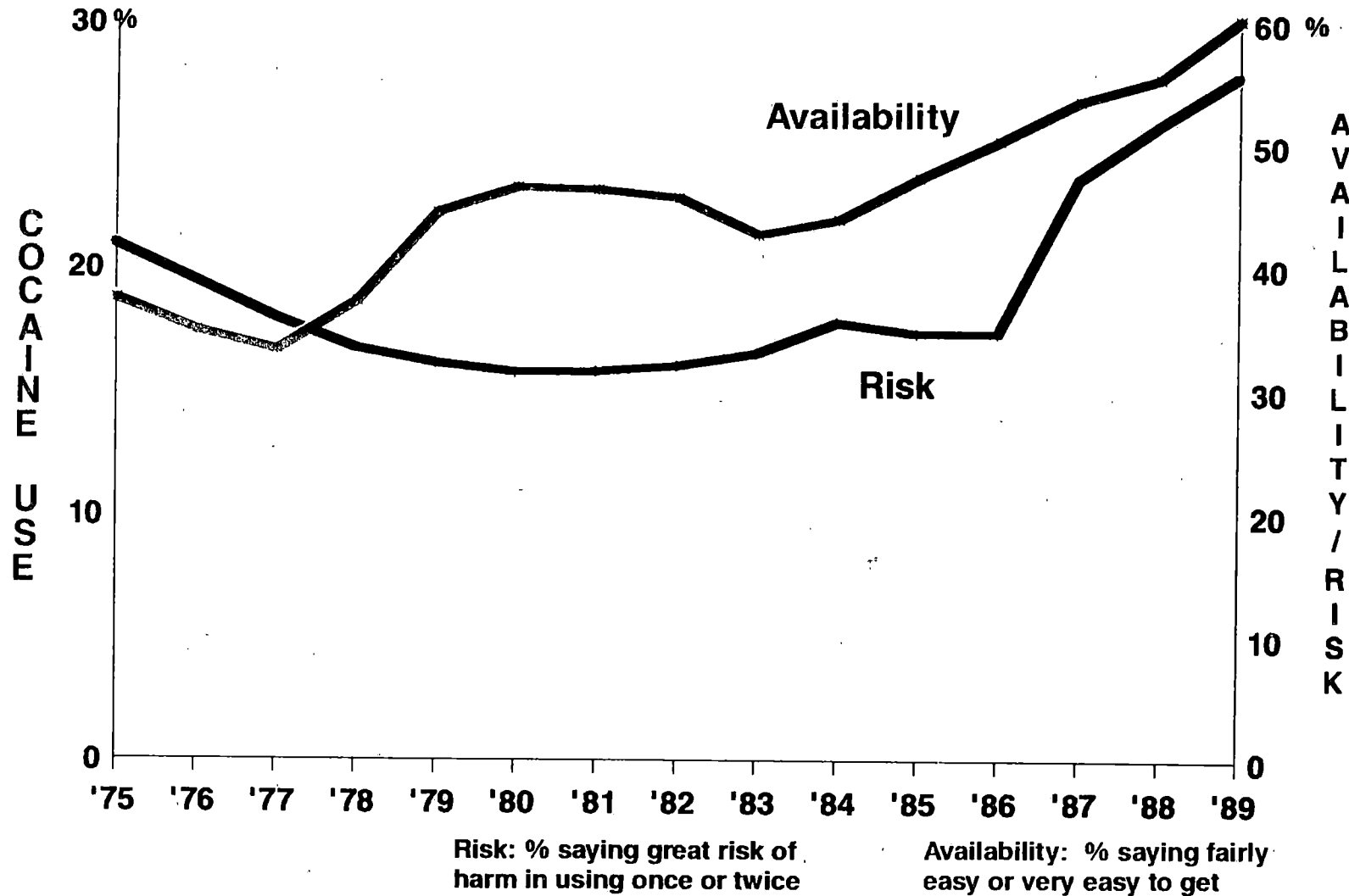
*10 million people  
in workplace  
using drugs*

US Gov't  
Data  
"High School Survey"

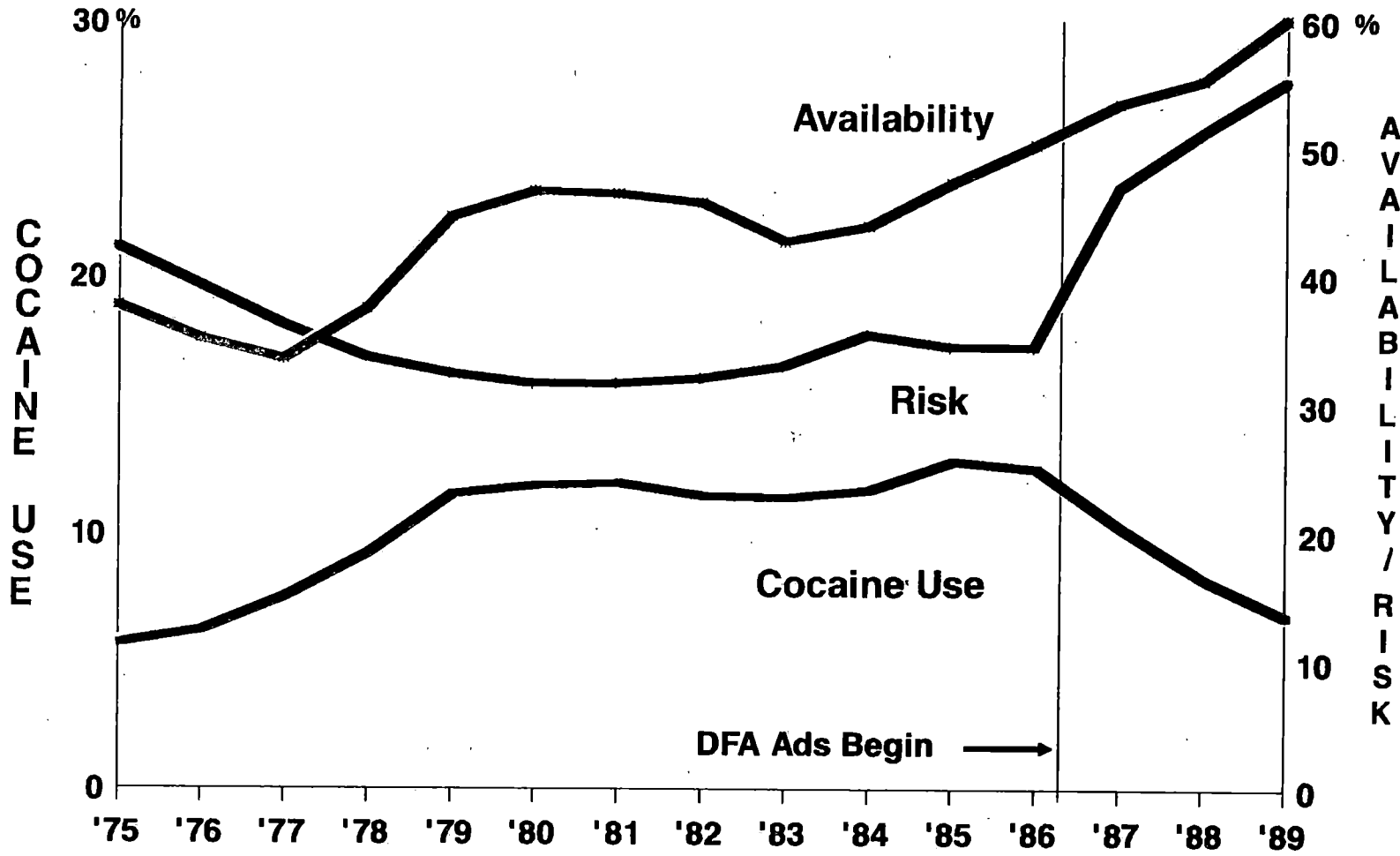
## COCAINE USE VS. AVAILABILITY/PERCEPTION OF RISK



# COCAINE USE VS. AVAILABILITY/PERCEPTION OF RISK



# COCAINE USE VS. AVAILABILITY/PERCEPTION OF RISK



Use: % using once or more in past 12 months

Risk: % saying great risk of harm in using once or twice

Availability: % saying fairly easy or very easy to get

# Withdrawal/Redaction Sheet

## (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Notes	Handwritten notes, Re: Sununu briefing on budget negotiations with Congress. (2 pp.)	n.d.	<del>P-5</del>	

**Collection:**

**Record Group:** Bush Presidential Records  
**Office:** Speechwriting, White House Office of  
**Series:** Grant, Mary Kate  
**Subseries:** Subject File  
**WHORM Cat.:**  
**File Location:** Political - Fall 1990 [Voinovich for Gov., Budget, Drugs]

**Open on Expiration of PRA**  
**(Document Follows)**  
 By SN (NLGB) on 4/5/2005

<b>Date Closed:</b> 12/22/2004	<b>OA/ID Number:</b> 04422
<b>FOIA/SYS Case #:</b> S	<b>Appeal Case #:</b>
<b>Re-review Case #:</b> 2005-0482-S	<b>Appeal Disposition:</b>
<b>P-2/P-5 Review Case #:</b>	<b>Disposition Date:</b>
<b>AR Case #:</b>	<b>MR Case #:</b>
<b>AR Disposition:</b>	<b>MR Disposition:</b>
<b>AR Disposition Date:</b>	<b>MR Disposition Date:</b>

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

## Summary briefing:

### Budget

- Congress has developed itself into an institution that works extremely hard at not working.
- Masters of procedural votes to allow system to survive (badly) w/o having to explain their votes.
- Power of purse / appropriations process abdicated: Developed ways to pass things w/o having to act on them  $\rightarrow$  entitlements spending w/o it having to be around or risk (so sec. ads)
- Now, well over  $1/2$  of spending on entitlements  $1/2$  trillion ~~of~~ automatic spending w/o votes loss of accountability.

You will hear this message - 'get s.e.s. back in shape' over & over next weeks - not just aimed @ Dems

### Civil Rts act of 1990

- Big impact on private & public sectors
- Divisiveness is key to bill - quotas on W.R.O.N.S. doesn't matter if they are the result of well-intentioned bill. He will not sign a quota bill - promotes divisiveness & distrust Long range effect on groups in this country.

### Foreign Policy

Five speeches last year offered carrot to people behind the old 'Iron Curtain' Soon after, Wall fell as a result of the movements  $\bullet$  stimulated by his initiatives.

Also looking forward to Lat Am - reflection of Enterprise Initiative.

Sumner con't  
S&L's.

Congress decided not to act for decades  
18 days after Inaugural - first legis sent  
1 year for Congress to respond -  
We'll have a tough time w/ funds + reguls -  
but Porus has made tough decisions to  
make depositors the beneficiary of \$ (not banks)  
Savings backbone of many families is S&L  
AG - 760 convictions so far. aggressive  
won't stop until those who have done  
wrong have been punished.

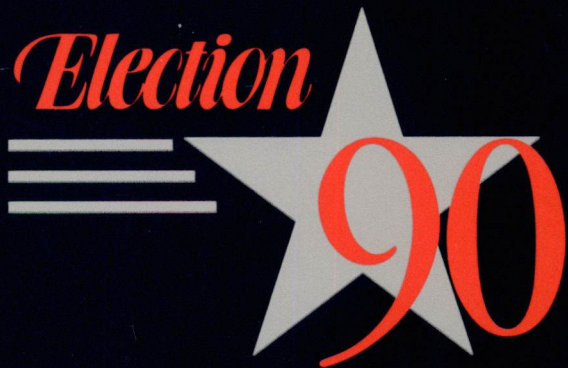
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Econ Growth + Public Policy - Larry Lindsey

Recession = 2 consecutive quarters of neg econ growth  
Expansion = absence of recession  
July = 92 months of expansion

"We're not only telling the Republican side of  
the story, we're telling the truth here today."

We've had a deficit 42 out of 45 ~~5~~ years since WWII  
Congressional sys broken down  
We need long term process reform

*Election* 



Published by the  
Republican National Committee  
310 First Street S.E.  
Washington, D.C. 20003

*Speech Cards*

# Environment

## **A conservationist tradition**

The Republican Party has a long tradition of protecting our nation's environment. Teddy Roosevelt, a great Republican president, was the father of the conservation movement in America. Roosevelt said we should "use [our natural resources], but use them so that as far as possible our children will be richer, and not poorer, because we have lived." Today, we again have a Republican president who is committed to preserving the environment.

## **President Bush's environmental policy: five principles**

- 1) Sound ecology and a strong economy can coexist and, indeed, help one another. We must harness the power of the marketplace in the service of the environment.
- 2) Protecting the environment will take more than just federal action. We must expand creative state, local and private environmental initiatives.
- 3) Preventing pollution is far more efficient than cleaning it up once it's occurred. We must focus on technologies that reduce or prevent pollution.
- 4) Protecting the environment is a global concern. Because pollution respects no borders, international cooperation is essential.
- 5) Environmental laws must be vigorously enforced. Polluters will pay.

## **The Environmental President: President Bush's proud record**

President Bush has already made great strides in fulfilling his pledge to be the environmental president. His administration has:

- Proposed the first major rewrite of the Clean Air Act in 13 years. The new Clean Air Bill will reduce emissions that cause acid rain, smog and air pollution.
- Launched a \$1 billion a year research program on global climate change.
- Proposed to elevate the Environmental Protection Agency to cabinet-level status while expanding its programs by 12 percent.
- Added three quarters of a billion dollars this year alone to clean up hazardous waste at federal facilities.
- Promoted the use of cleaner alternative fuels, which has already prompted several major oil companies to begin marketing reformulated gasoline.
- Proposed a worldwide phase-out of chloroflourocarbons (CFCs) by the year 2000 to protect the ozone layer.
- Launched the "America the Beautiful" initiative to plant a billion new trees a year in America.
- Banned all U.S.-African ivory imports to help protect the elephant population.
- Set a goal of "no net loss" of wetlands for our country.

# Community Service

## A Thousand Points of Light

■ In his inaugural address, President Bush said: “I have spoken of a thousand points of light — of all the community organizations that are spread like stars throughout the nation, doing good. ... The old ideas are new again because they are not old, they are timeless: duty, sacrifice, commitment, and a patriotism that finds its expression in taking part and pitching in.”

■ The President aims to build a better America not just through government programs but through a nationwide community service program. The President’s program has three elements:

- Call on all individuals and institutions to take steps to address society’s problems.
- Identify, enlarge and multiply effective volunteer efforts.
- Discover and encourage new leaders.

■ In 1989, President Bush announced the formation of a foundation called the Points of Light Initiative. Each day the foundation recognizes individuals and group efforts that are improving America's communities.

— Through a foundation project called ServNet, groups will be asked to donate the services of some of their most talented people for a period of time.

— Another foundation project, ServLink, will improve existing methods of matching volunteers with service opportunities.

■ Says House Republican Whip Newt Gingrich: "No government bureaucracy will win the war on drugs, or nurture a generation of educated, hard-working citizens in the inner city. Only an outpouring of civic energy and commitment can bring about that level of change in individuals, families, and communities."

■ Between 1980 and 1988, private philanthropy funds increased from \$48.7 billion to \$104.4 billion — a 53 percent increase after inflation. (*1990 Statistical Abstract*, p. 372)

# Crime

President Bush has said: "My vision for the '90s is an America where punishment is at least as tough as the crime." (Address to conservative leaders, 4-26-90)

**The President has called upon Congress to pass his four-part crime program, which:**

**I. Strengthens current laws by:**

- Restoring an enforceable death penalty.
- Curbing plea bargaining.
- Toughening penalties for those who commit crimes with firearms.

**II. Strengthens law enforcement by:**

- Hiring additional law enforcement officers.
- Reforming the "exclusionary rule" to allow evidence to be admitted if the searching officers acted in good faith.

**III. Strengthens criminal prosecution by:**

- Hiring additional prosecutors.
- Reforming *habeas corpus* procedures to reduce the strain on federal courts.

**IV. Strengthens the prison system by:**

- Expanding prison construction.
- Converting unused federal property for use as federal prisons or jails.

## **Republican leadership gets tough on criminals**

■ Between 1960 and 1980, liberal policies eroded the justice system. In 1960, there were 299 prison commitments for every 1,000 adult arrests for serious crimes. By 1980, that figure had plunged to 196 (Bureau of Justice Statistics, *Prisoners in 1988*, April 1989, p. 6). Not coincidentally, crime and victimization soared during these two decades.

■ Starting in 1980, the GOP's "get-tough-on-crime" philosophy started to take hold: Result: By 1987, the state prison commitment rate was up to 301 per 1,000 arrests. And the victimization rate had fallen.

## **The American people want to get tougher on crime**

■ Seventy-two percent support the death penalty for murder, up from 54 percent in 1980. (CBS poll concluded 4-2-90)

■ Seventy-nine percent think that criminals currently get off too easily in court. (Gallup poll 6-21-89)

# Health Care

## **Toward a healthier America**

**“The future health of our citizens is heavily dependent upon our success in four major areas: We must develop an appropriate and effective health policy; we must contain medical costs; we must continue to make advances in biomedical research and biotechnology; and we must encourage increased personal responsibility for health and disease prevention.” — Dr. Louis Sullivan, Secretary of Health and Human Services. (*Roll Call*, 3-26-90, p. 15)**

■ The United States spends more of its gross domestic product (GDP) on health care than any other industrialized country (FY91 Budget, p. 185). We spend 11.2 percent, compared with 8.6 percent in Canada, and 6.8 percent in Japan.

■ In 1970, spending on mandatory health programs took up about 5 percent of federal budget outlays. In 1995, that figure is projected to reach 15 percent.

## **Accelerating the pace of health research**

- The President supports an expanded program of basic research in the Department of Health and Human Services.
- The President's budget proposes an 18 percent increase for all federal HIV/AIDS programs.

## **Health care reform**

- The President proposes to restructure physician payment in the Medicare program and extend use of "prudent purchasing" principles to secure the best value for Medicare beneficiaries and taxpayers alike.
- The President's policy encourages "managed care," the coordinated delivery of medical services through an organization (such as an HMO or a preferred-provider organization) that assures quality care.
- The President supports a new program to evaluate medical technologies and strengthen existing quality assurance programs.

# Agriculture

## **Strengthening America's farmers**

- By pursuing sound fiscal and monetary policies, the administration wants to provide a stable business environment in which farmers can borrow at affordable interest rates.
- The administration supports a 1990 Farm Bill that increases the competitiveness of American farmers and ranchers and maintains a safety net.
- The President's proposed cut in the capital gains tax rate would apply to the sale of farmland. This tax cut can keep American agriculture dynamic and prosperous.
- The President encourages alternative uses of farm products like ethanol and other new fuels.
- The President knows that productive agriculture can be compatible with a sound environment. In 1990, the federal government will spend nearly a third of a billion dollars on research and technical support for farmers that

will help stop the contamination of land and water and make farming practices consistent with environmental protection.

■ The President's "America the Beautiful" initiative will establish a new reforestation program to plant more than a billion trees a year.

■ Many countries subsidize production and export of agricultural commodities or curb imports. The administration has submitted a comprehensive proposal for reforming world agricultural trade. The proposal calls for a worldwide phase-out of export subsidies in five years and other trade-distorting subsidies in ten years.

■ President Bush has extended the fight against drugs to Latin American trade policy. In November 1989, President Bush proposed the Andean Trade Initiative to orient regional nations away from the drug trade by expanding legitimate trade opportunities.

## Mexico

■ President Bush is committed to creating new jobs and opening new markets between the United States and Mexico by negotiating a free-trade pact.

■ President Bush and Mexican President Carlos Salinas will conduct formal talks in December 1990, in Monterey, Mexico. Conclusion of a free-trade pact would coincide with an invitation to Canada to join in the arrangement, creating a North American free-trade zone stretching from the Arctic Circle to Central America.

## Eastern Europe

■ President Bush has promoted the transformation of centrally planned economies to market-oriented economies.

■ President Bush's \$938 million economic aid package to Poland and Hungary is a success. In Poland, the switch to a market economy is working. Inflation has dropped from 80 percent in January 1990 to 5 percent in March.

■ Future economic agreements will continue to stimulate and protect new opportunities for U.S. business. The Bush administration has proposed a complete overhaul of the system for controlling high-tech exports to allow access to Western technology.

## Opening world markets

■ President Bush's trade policy has a clear goal: to create a world where open markets are based on free and fair trade practices.

— Republicans believe that trade wars kill jobs, and free trade creates jobs. With the walls of isolation being torn down around the world, now is *not* the time to build a protectionist wall around the United States — as many liberal Democrats would.

— America needs free trade, fair trade and more trade. Protectionism is a problem, not a solution.

## Highlights: the Republican Record

■ Aggressive Republican leadership has improved our international trade position. With U.S. exports steadily increasing, the trade deficit was cut by 28 percent between 1987 and 1989. (exports minus imports-customs value). (*Economic Indicators*, p. 35 April 1990)

■ The Bush administration has been a leader in tariff negotiations, promoting open markets around the world.

■ President Bush has created an interagency group to assure that U.S. trade interests are represented in the 1992 European Community.

■ The Bush administration has encouraged commercial banks to reduce the debts of developing countries. Mexico, the Philippines and Costa Rica have reached debt-reduction agreements with U.S. banks under President Bush's debt plan.

■ The administration will enforce and use U.S. trade laws to best advance the goals of open markets and fair trade.

■ American competitiveness in the global market place is being promoted by Vice President Dan Quayle as chairman of the Council on Competitiveness.

## **Soviet Union**

■ Both the Malta and Washington summits have improved economic ties between the two superpowers. President Bush will continue to link trade with progress in political and economic reforms.

— The Malta Summit began negotiation of a new trade agreement, including GATT observer status for the Soviet Union. New accords signed at the June 1990 Washington Summit will triple airline capacity between the two nations and increase Soviet purchases of U.S. grain from 9 million tons to 10 million tons annually.

■ President Bush supports genuine efforts to bring fundamental, free-market reforms to the Soviet economy.

— President Bush offered Soviet President Mikhail Gorbachev the opportunity to achieve “Most Favored Nation” status, providing the Soviet government passes liberalized emigration reform laws. The President said:

“I want to see Lithuania have its freedom. We are committed to self-determination for the Baltic states. And although I take great pleasure and joy and am pleased that the emigration of Soviet Jews is at an all-time high, I want to see unfettered emigration.” (*The Washington Times*, 6/8/90)

■ Trade with the Soviet Union has rebounded in the last two years. Bilateral trade soared to over \$4 billion in October 1989, compared with \$2.6 billion during the same period in 1988. Agricultural exports alone tripled during the same period.

## **Canada**

An historic tariff-free zone has been created by U.S.-Canada Free Trade Agreement (FTA) that has stimulated growth, boosted incomes and increased the competitiveness of firms in both nations. During 1989, the first year of the agreement, goods and services trade exceeded \$200 billion.

## **Japan**

President Bush is ensuring that Japan, the world's second largest market, opens to U.S. business and operates competitively. The Bush administration's successful identification of market opening priorities under the 1988 Trade Act has won trade concessions from the Japanese. President Bush has ensured open markets for satellites, supercomputers and forest products. Under President Bush's administration, Japan has been removed from the list of countries with unacceptable trade barriers.

## **China**

■ America's outrage at the tragedy of Tiananmen Square was expressed by Congress and by sanctions promptly enacted by the Bush Administration. These sanctions remain unchanged. Notwithstanding, the President has repeatedly made it clear that these actions were never designed to hurt the Chinese people.

■ The President extended “Most Favored Nation” trade status with China because it was in the best interest of the U.S. and the Chinese people. Discontinuing MFN could cost the U.S. \$6 billion a year in trade as well as inadvertently damage the Hong Kong economy, which stood to lose 20,000 jobs and \$10 billion in trade. Many of our trading partners — including the United Kingdom, Japan, and even Taiwan — urged that MFN be retained.

■ The people of China who trade with the United States are the engine of reform, the opening to the outside world. The President believes: “Our responsibility is best met not by isolating those forces from contact ... but by keeping open the channels of commerce and communications.”

## **Latin America**

■ President Bush has expanded and developed open markets in the Caribbean and Latin America. Brazil, Argentina, Colombia and Venezuela have liberalized their trade policies.

## **The triumph of democracy**

Will any of us ever forget the stirring sights of 1989? First, we witnessed peaceful revolutions in Poland and Hungary. Then, the tremors set off by the falling of the Berlin Wall upended communism in East Germany and Czechoslovakia. Now change has come to the Americas — to Panama, to Nicaragua, perhaps to Cuba. These events, which President Bush calls the “Revolution of '89,” are miraculous, but not accidental. They are, in part, due to steady leadership. It is no accident that under Republican leadership, one billion people of the earth found freedom.

Contrast this to the almost daily humiliations of the era when liberal Democrats were in power — the steady encroachment of Marxist-Leninism in the Americas, the growing tension within the Western alliances.

## **The Republican Record: a safer and more peaceful world**

Successive Republican administrations have promoted peace and freedom around the globe.

■ In 1990, after a decade of Republican leadership, about 3.2 billion (about 66 percent) of the world's population are free. In January 1979, only about 2.2 billion (about 55 percent) of the world's population lived free of communist tyranny and military dictatorship.

■ Republican presidents have also cultivated a new, more peaceful relationship with the Soviet Union. The historic INF agreement has eliminated an entire class of nuclear weapons and has paved the way for further arms-reductions agreements.

■ By January 1990, 17 countries in Latin America could be considered democratic. In the 1970s, only seven Latin American and Caribbean nations could boast of open or democratic societies.

## **Panama**

Then there is the restoration of democracy in Panama. On Dec. 20, 1989, President Bush sent U.S. forces to protect American lives, restore the democratic process, preserve the integrity of the Panama Canal Treaties and decapitate the outlaw regime of Manuel Noriega.

■ U.S. Forces were withdrawn less than two weeks after the operation began and Manuel Noriega turned himself over to U.S. forces on Jan. 3, 1990.

## **Nicaragua**

Democracy also triumphed in Marxist Nicaragua. Presidents Reagan and Bush lent their unflinching support to the Nicaraguan freedom fighters, helping to bring about free elections in Nicaragua and a stunning end to the Sandinista regime.

## **Grenada**

With the support of other nations in the region, the United States liberated the island nation of Grenada from communist dictatorship.

## **Libya**

Action was taken against state-sponsored terrorism by raiding Libyan bases in 1986.

## **Eastern Europe**

The "Revolution of 1989," the overthrow of communism in Eastern Europe, was a fundamental victory for Republican foreign policy. Both the Berlin Wall and the Warsaw Pact came tumbling down. In Poland, Czechoslovakia, East Germany, Bulgaria and Romania, people clamored for political and economic freedom.

■ The survival of fledgling democracies is a priority of the Bush Administration. In November 1989, the United States enacted a \$938 million aid package to Poland and Hungary.

## **Camp David Summit**

■ President Bush's June 1990 summit meeting with Soviet President Gorbachev was a successful step toward relaxing tensions and establishing closer relations between the Soviet and American peoples.

■ The Bush administration signed a landmark agreement that will eventually eliminate both nations' chemical weapons stockpiles.

— Other accords between the two nations include agreements on cultural exchange, environmental issues, civil aviation and maritime transportation accords, customs accords and trade agreements, including an accord bolstering U.S. grain sales.

## **German reunification**

President Bush is standing firm for support of a united Germany as a member of NATO.

## **The People's Republic of China**

President Bush is working to preserve America's important relationship with the people of China. Reform will be encouraged through open lines of communication and trade.

■ President Bush condemns the repression of the Chinese people and therefore suspended governmental sales and commercial export of weapons.

## Investing in America

■ Investment is soaring. Between 1980 and 1989, real net private domestic investment rose from \$153 billion to \$216 billion (1982 dollars) — a 41 percent increase. (*Economic Report of the President 1990*, p. 313)

■ Between 1980 and 1989, real business expenditures for new plant and equipment increased from \$333 billion to \$450 billion (1982 dollars) — a 35 percent increase. (*Statistical Abstract 1990*, p. 538)

## Capital gains

■ President Bush proposes to cut the tax rates on capital gains for long-term investments.

■ A cut in the capital gains rate would foster growth and increase competitiveness of American businesses. The tax rate on capital gains in the United States now tops that of any other industrial country except Australia and Great Britain. Both Australia and Great Britain, however, index capital gains for inflation, thus effectively reducing their tax rate.

## Protecting Social Security

■ President Bush is determined to protect the steadily accruing Social Security trust fund from raids on its reserves.

■ Seniors have made progress against poverty. Since 1970, the poverty rate among people age 65 and over has been cut in half. (Census, *Money Income*, p. 60):

1970	24.6%
1980	15.7%
1988	12.0%

## Sustaining record growth: longest peacetime expansion

■ Thanks to Republican economic policy, America is enjoying the longest peacetime expansion in history. Unless congressional Democrats scuttle the recovery with their big-spending policies, each month this year will set a new record for the length of peacetime economic growth: July represents the 92nd month of consecutive growth.

■ Between 1980 and 1989, the economy grew by almost a third. Real gross national product (1982 dollars) rose from \$3.187 trillion to \$4.144 trillion — an increase of nearly one trillion dollars. (*Economic Indicators*, April 1990, p. 2)

— The real growth in gross national product has amounted to \$3,800 for every man, woman and child in the United States.

## The great American job machine

■ Since the expansion started in late 1982, the economy has created more than 21 million new jobs. (*Economic Report of the President 1984*, p. 263; *Economic Indicators*, April 1990, p. 14)

— The economic expansion produced five new jobs every minute.

— Inflation hit a 16-year low.

■ In 1989, the civilian unemployment rate was 5.3 percent — the lowest annual average since 1973. In 1980, the last year the Democrats controlled the White House, the unemployment rate was 7.1 percent and rising. (*Economic Report of the President 1990*, p. 339)

— If the Democrats' 1980 unemployment rate had prevailed in 1989, an additional 2.27 million Americans would have been out of work.

## Checking inflation

■ The most common measure of inflation, the consumer price index, rose by a modest 4.8 percent in 1989. In 1980, when Democratic policies were choking the economy, the inflation rate rose to 13.5 percent, nearly three times as large. (*Economic Indicators*, April 1990, p. 24)

— Inflation increased each year the Democrats were last in the White House.

— If the Democratic inflation rate had lasted throughout the 1980s, prices today would be 108 percent higher.

	Republican price	Democratic price
Loaf of Bread	\$0.93	\$ 1.93
Toothbrush	\$1.09	\$ 2.27
Sport Shirt	\$22.00	\$45.76
Color TV	\$300.00	\$624.00
New Car	\$13,000.00	\$27,040.00

## Lower interest rates

■ As Jimmy Carter was cleaning out his desk in December 1980, the prime interest rate hit 21.5 percent. In 1989, the prime averaged 10.87 percent, about half the Democratic level. (*Economic Report of the President, 1984*, p. 299; *Economic Indicators*, April 1990, p. 30)

## Controlling the budget

■ President Bush is facing the budget issue squarely. In May, he began a budget summit with congressional leaders of both parties, with the primary goal of maintaining peace and increasing prosperity.

■ President Bush supports a line-item veto and a balanced-budget amendment.

■ In fiscal 1989, the budget deficit stood at 2.9 percent of GNP — still too high, but less than

half the level of 1983. (CBO, *Economic and Budget Outlook*, January 1990, pp. 33, 123)

■ Article I of the Constitution gives the power of the purse to the House of Representatives, which has been ruled by the Democrats for nearly 36 years.

## Helping families and individuals

■ President Bush endorses Family Savings Accounts. He has proposed that withdrawals made after 7 years should be tax-free.

■ President Bush is helping home buyers. The administration has proposed a waiver of the 10 percent excise tax penalty for early withdrawal of up to \$10,000 from Individual Retirement Accounts. The withdrawn funds would have to be used for first-time home purchases.

■ Democratic policies devastated American families. Between 1978 and 1982, real median family income (1988 dollars) fell from \$32,006 to \$28,727. Republican policies have restored prosperity to the family. Between 1983 and 1988, real median family income increased from \$29,307 to \$32,191. (U.S. Census, *Money Income and Poverty Status in the United States 1988*, p. 11)

■ Between 1980 and 1988, the share of American households with incomes under \$15,000 (1988 dollars) fell from 29.4 percent to 27.3 percent. Meanwhile, more and more Americans climbed into higher income levels. The share of households with incomes over \$50,000 rose from 15.8 percent to 20.8 percent. (U.S. Census, *Money Income*, p. 23)

■ Between 1980 and 1989, real per capita disposable personal income (1982 dollars) rose 20 percent. (*Economic Indicators*, April 1990, p. 6)

■ Although the poverty rate rose in three of the four Carter years, it fell in six of the first eight Republican years.

President Bush has said. "Congress needs to provide tough laws to deal with a tough problem. Working together, we can — we will defeat this scourge. America has earned her victories through determination and desire." (Santa Ana, Calif., 3-2-90)

## **President Bush's national drug control strategy**

*1. Attack the drug market at the source and on the street.*

- Extend the death penalty to:
  - Major drug kingpins;
  - Drug kingpins who attempt to kill to obstruct justice; and
  - Federal drug felons whose crimes result in death.
- Hire additional prosecutors, law enforcement officers and court personnel.
- Help the Andean countries fight drug production.
- Step up efforts to eradicate domestic marijuana.
- Improve interdiction at our borders.

*2. Treat the drug user.*

- Increase drug treatment grants to the states.
- Triple assistance to "crack babies."

*3. Prevent drug use through efforts in schools, workplaces and communities.*

- Strengthen drug-free workplace requirements for federal contractors and grant recipients.
- Increase outlays for prevention efforts.

## **Strong public support**

■ Sixty-nine percent of Americans approve of the way President Bush is handling the drug problem. (Gallup poll, 1-17-90)

■ Sixty-three percent say President Bush has made "some" or "a lot of" progress in dealing with the drug problem. (Gallup poll, 1-17-90)

## **Republican leadership points the way to better law enforcement**

Responding to presidential leadership, federal, state and local authorities have started cracking down:

■ In 1989, federal agents seized 181,000 pounds of cocaine — three times the amount they seized in 1986. (*The New York Times*, 4-22-90)

■ In 1988, state and local authorities made 289,000 arrests for sale or manufacture of drugs — more than twice the number of arrests they made in 1984. (Bureau of Justice Statistics, *Drug and Crime Facts* 1989, p. 8)

■ In 1987, 78 percent of suspects in drug cases were prosecuted, up from 73 percent in 1980. This was a higher rate than for any other crime category. (BJS, *Drug and Crime*, p. 9)

■ The number of suspects prosecuted for drug offenses increased from 7,000 in 1980 to 18,000 in 1987 — an increase of 153 percent. (BJS, *Drug and Crime*, p. 9)

## **Progress: drug abuse reduced**

The War on Drugs is not yet won. Any level of drug use is too high. And the crack problem is still causing havoc. But thanks to tougher Republican policies, signs of progress are appearing:

■ In 1989, the proportion of high school seniors who reported using drugs within the last year

dropped to 35.4 percent — still far too high, but the lowest figure since the National Institute on Drug Abuse (NIDA) surveys started in 1975. (*L.A. Times*, 2-14-90)

■ After a continuous increase since 1986, the number of cocaine overdoses reported by hospital emergency rooms in major cities held steady from late 1988 through the third quarter of 1989. (*Baltimore Sun*, 2-8-90)

■ According to the NIDA, 37 million Americans used illicit drugs during 1985. By 1988, that number had fallen to 28 million. (NIDA release, August 1989)

■ The proportion of adults aged 18 to 25 who used marijuana at least five times a month dropped from 18.7 percent in 1977 to 6.9 percent in 1988. (*Morbidity and Mortality Weekly Report*, 4-20-90)

■ Between 1979 and 1988 the proportion of high school seniors aware of the risks of regular marijuana use increased from 42 percent to 77 percent. (*MMWR*, 4-20-90)

## **Administration leads education reform**

President Bush has said that “our progress won’t be measured by bureaucracies built and dollars spent. It will be measured by results, and by what our children learn and accomplish.” (Remarks on Teacher of the Year Award, 4-4-90)

## **President’s education summit sets national goals**

For the first time in U.S. history, a president convened the nation’s governors to address education. In February, President Bush and the nation’s governors agreed that by the year 2000:

- Every child must start school ready to learn.
- The high school graduation rate must top 90 percent.
- Students must show competency in English, math, science, history and geography.
- American students will lead the world in math and science achievement.
- Every adult will know how to read, possess the skills necessary in a competitive global economy, and have the knowledge necessary to exercise the rights and responsibilities of citizenship.
- Every school will be free of drugs and violence and instead offer a disciplined setting for learning.

President Bush has said: “I believe that excellence comes from higher standards, a greater

accountability, and more freedom to move within a school system" (Address to conservative leaders, 4-26-90). President Bush's Educational Excellence Act calls for a restructuring of the educational system by providing:

- Presidential Merit Schools: Awards to schools that make progress in raising achievement, fighting drugs and reducing dropout rates.
- Presidential Awards to excellent teachers.
- Short-term aid to districts establishing magnet schools.
- Alternative teacher certification programs.
- A National Science Scholars program to encourage top high school students to undertake college work in science, math or engineering.
- Sustaining black colleges: Matching funds to historically black college and university endowment fundraising.

### **Spending alone will not solve our problems**

- Between 1963 and 1980, federal spending for elementary and secondary education increased by 328 percent after inflation. (*Historical Tables*, FY90 Budget, pp. 63-65)
- During this time of increasing federal spending, average combined SATs fell from 976 to 890. (*Digest of Education Statistics* 1989, p. 120)
- The increased federal effort failed because American education had strayed from the basics: reading, writing and respect.

### **Recovering from the mistakes of the '60s: Republican leadership points the way**

- SAT scores improve: In 1989, combined SAT scores averaged 903 (*The Washington Post*, 5-3-

90). Most people agree that we need to make further progress, but that score represents an improvement from the 1980 level of 890.

- High School graduation up: In 1988, 76 percent of the population aged 25 and over had completed high school, compared with 69 percent in 1980. (*Digest*, p. 4)
- Teacher salaries improve: Between 1980 and 1988, the average salary (constant 1987-88 dollars) of elementary and secondary teachers increased from \$24,000 to \$28,000. (*Digest*, p. 77)

### **School choice is the wave of the future**

- Educational excellence comes from higher standards, greater accountability and more freedom to move within a school system. — By a 2-to-1 margin, Americans support letting parents choose which public school their children will attend. (Gallup poll, *The Washington Post*, 8-25-89)

## **The President's commitment to a better America**

“And our challenge today is to take this democratic system of ours — a system second to none — and make it better. A better America ... where every one of us enjoys the same opportunities to live, to work, and to contribute to society. And where, for the first time, the American mainstream includes all of our disabled citizens. (President's 1990 State of the Union Address)

## **Protecting the civil rights of all Americans**

- The President called upon Congress to reauthorize the Commission on Civil Rights. Following congressional action, the President signed legislation reauthorizing the Commission through FY 91.
- The President endorsed and signed the Hate Crimes Bill, which provides for the collection of data about crimes based on prejudice.
- Attorney General Thornburgh filed federal housing discrimination lawsuits seeking monetary damages and civil penalties under the Fair Housing Amendments of 1988.
- The President is committed to policies that would extend civil rights protection to disabled Americans.
- Because of President Bush's policies, two-thirds of black Americans approve of the way he is doing his job. (NBC poll, April 1990)

## Opportunity and progress

■ Between 1986 and 1988, black enrollment in independent colleges and universities increased by 7.1 percent (U.S. Department of Education figures, reported by *The New York Times*, (3-30-90).

■ Since the beginning of the economic recovery, black employment has grown by more than two million. (*Economic Report of the President 1990*, p. 333)

■ President Bush, has appointed more Asian Americans to senior administration jobs — at least 30 — than any previous administration. — Between 1980 and 1988, according to the Census Bureau, the Asian population of the United States grew by 70 percent. Asian-Americans numbered about 6.5 million in 1988, up from 3.8 million eight years earlier. (*The New York Times*, 3-2-90)

■ In 1989, the first Cuban-American was elected to Congress: Republican Ileana Ros-Lehtinen of Florida.

## The Republican Record

■ Without the support of key Republicans in the '60s such as Senate Minority Leader Everett Dirksen, crucial civil rights legislation would not have become law.

■ As a Texas congressman, George Bush was one of a handful of Southern lawmakers to vote for the fair housing law of 1968.

■ Republican Senator Edward Brooke of Massachusetts, the only black member of the U.S. Senate during the 20th century, sponsored

the 1968 fair housing law in the Senate.

■ As Vice President, George Bush supported the Fair Housing Amendments of 1988, which strengthened anti-discrimination housing laws.

## Economic progress

■ Since the beginning of the economic expansion in 1982, the median income of black households has increased 11.8 percent after inflation. The median income of Latino households has increased 9.4 percent. (*1990 Statistical Abstract*, p. 444)

■ Since 1982, the percentage of black households making more than \$50,000 a year (1988 constant dollars) has doubled — from 4.9 percent to 9.9 percent. (U.S. Census, *Monday Income*, p.24)

# Child Care

## **President Bush on child care:**

“My philosophy with respect to child care is to put choice in the hands of parents not in the hands of the state. ... I will build a policy around parental choice. Particularly we must find a way to put a greater range of choices in the hands of low-income parents — because they face the greatest difficulty in meeting the demands of work and family.” (“Building a Better America,” 2-9-89)

## **The President’s proposal**

- A new refundable Child Care Tax Credit for low-income working families of up to \$1,000 for each child younger than age four.
- Refundability of the current Child Care and Dependent Care tax credit.

## **Principles of the President’s proposal**

### ***Parents know best***

Parents are best able to make decisions about their children’s care and should have the discretion to make these decisions. New federal support for child care should go directly to parents.

### ***Federal policy should not discriminate against parents who work at home.***

Federal policy now neglects the contributions

and sacrifices made by two-parent families in which one parent stays at home to care for the children.

***Parental choice must increase.***

Federal policy should increase, not decrease, the range of child-care choices available to parents. Parents should be free to select care from relatives, neighbors, churches, schools, employers or other sources.

***We must target families most in need.***

Poor families should receive benefits commensurate with their needs.

***Most child care is family care. (FY91 Budget, P. 194)***

- In families with an employed parent, 43 percent of children younger than six are cared for by mothers who do not work outside the home.
- Of under-five children whose mothers do work outside the home, 48 percent are cared for by relatives. "Family day care homes" account for 24 percent. Child care centers, including preschools, enroll only 22 percent of these children.

**President Bush scores  
Democratic "alternatives"**

"I will not see the option of religious-based child care restricted or eliminated. We're going to

fight against that. [The House Democrats' bill] would cost nearly \$30 billion, three times our original proposal, and force, compel many states to change their rules. ... So let's expand the horizons of our kids, not the budget of the bureaucracy, and through tax incentives give families the help that they need to solve their child care problems themselves." (Address to conservative leaders, 4-26-90)

# Defense

## **The Republican Record**

The triumph of democracy and the collapse of communism are a result of a decade-long Republican policy of peace through strength. Republican policies of the '80s rebuilt our defenses and made the world a safer place for our children. Accomplishments include:

- The INF treaty. For the first time in history, an entire class of nuclear missiles was eliminated.
- A U.S.-Soviet agreement, in principle, to reduce their respective strategic nuclear arsenals.
- A continuing commitment to the Strategic Defense Initiative (SDI) to protect against a missile attack.
- Negotiations on conventional armed forces (CFE) with the Soviet Union. President Bush has proposed lowering the number of troops in the CFE treaty to 195,000.

■ President Bush's Open Skies initiative, which will allow frequent aerial observation of participating nations, is being negotiated. This is an old policy with a renewed importance, representing unprecedented access to and trust of the Soviet Union.

■ President Bush and Soviet President Gorbachev have signed an agreement to destroy most of the U.S. and Soviet chemical weapons by 2002. Production of such weapons will cease.

## **The future**

■ The fundamental U.S. security goal is to preserve our freedom. As recent events have reduced the threat of a Soviet/Warsaw Pact attack in Europe, both President Bush and Defense Sec. Dick Cheney are carefully planning a transition to peacetime defense. Sec. Cheney has cautioned, "Intentions can change overnight — defense capabilities last a long time."

■ A strong America is essential to global stability. The Bush administration will work to continue successful arms control negotiations. A six-year program will realign the defense budget. This year's defense plan will produce

savings of over \$35 billion and will guarantee protection of America and her allies.

## **Germany and NATO**

■ The United States supports the reunification of East and West Germany and its continued membership in NATO. The alliance must remain as a cornerstone of free nations of the West.

# Savings and Loans

## **President Bush acts**

■ To protect the savings of millions of Americans, President Bush led the effort to pass the Financial Institutions Reform, Recovery and Enforcement Act of 1989. The law sets tough standards to ensure that such a crisis never happens again.

■ President Bush has reaffirmed his commitment to tough action against S&L fraud: "We will not rest until the cheats and the chisellers and the charlatans spend a large chunk of their lives behind the bars of a federal prison." (*Washington Post*, June 23, 1990)

■ The Department of Justice has achieved results in its war on financial institution fraud, including 791 major fraud convictions in 1989.

■ President Bush supports legislation to provide additional enforcement tools that will allow the government to step up the attack on financial institution fraud. A total of 220 agents are being added to the battle, and the President has asked Congress for an additional \$25 million for the IRS and Justice Department for investigators and prosecutors.

## **Congress had the responsibility**

■ Before 1989, Congress had provided that every major regulator, except the Comptroller of the Currency, be independent of the president and accountable primarily to Congress.

## **Asleep at the wheel:**

### **The Democratic Congress**

■ William Proxmire, former chairman of the Senate Banking Committee, said that members

of Congress “were just plain lulled to sleep” while the problem was growing. The S&Ls “went down fast, and Congress didn’t react soon enough.” (*St. Louis Post-Dispatch*, May 23, 1989)

■ The result: The Democratic Speaker helped cause one of the greatest financial problems in our history.

## **Republicans called for action**

■ In 1984, the Bush Task Group on Regulation of Financial Services recommended comprehensive reform of the regulatory system.

■ In 1986, the administration asked Congress to replenish the funds of the Federal Savings and Loan Insurance Corporation (FSLIC), which protected savings accounts and which was facing insolvency.

## **Democrats stalled**

■ The Reagan administration proposed legislation to carry out the Bush Task Force reforms, but the Democratic Congress refused to move the legislation.

■ It took Congress two years to enact legislation to protect small savers by shoring up FSLIC.

## **Democratic Leadership: making things worse**

■ As House Majority Leader, Jim Wright, once took the FSLIC bill off the House calendar to pressure the regulators to change their stand on a matter affecting a big Dallas real estate syndicator. Democrat Wright also:

— Sought to have at least two federal regulators removed from office.

— Intervened on behalf of a Democratic Party official who had been banned from the thrift industry for regulatory violations.

## Investing In Competitiveness

### Keeping America's scientific lead

■ In 1988, American government and industry spent a total of \$132 billion on research and development — more than the combined R&D spending of France, West Germany, Britain and Japan. In relation to their overall economies, however, these countries and the U.S. each spent about the same, roughly 2 1/2 percent of their GNP.

■ Industry accounted for half of America's R&D spending in the 1980s. R&D had a direct rate of return of 30 percent — three times higher than for physical capital.

### Encouraging private research and development

President Bush believes that research yields new knowledge, products and processes that make America more competitive in international markets, foster economic growth, and improve the quality of life for all Americans. The President is taking the lead on three fronts:

■ Proposing to make permanent the 20 percent tax credit targeted to encourage research and experimentation.

■ Pursuing better international protection of intellectual property.

■ Endorsing changes in product liability laws to help restore balance to the tort system, increase

competitiveness, reduce uncertainty and provide incentives to produce safe products.

## **Increasing federal research and development**

■ The President is committed to doubling the budget of the National Science Foundation by 1993.

■ The President is working to continue American leadership in space exploration, including:

- Funding of further Space Shuttle flights;
- Development of Space Station Freedom; and
- Planning exploration of the Moon and Mars.

## **Strengthening federal science and technology policy**

■ On April 20, 1989, the President established the National Space Council, chaired by Vice President Quayle.

■ The President established the Council on Competitiveness, also chaired by Vice President Quayle, to oversee regulatory and other competitiveness issues.

## **Manned mission to Mars**

■ The President has lifted the sights of the space program with his call for a manned mission to Mars. He is:

- supporting greater efforts for launching robotic science missions;
- accelerating the technology and advanced launch systems to support planetary exploration; and

— proceeding with technology development for the National Aerospace Plane.

## **Industrial policy: another misguided liberal dream**

Some liberal Democrats have called for an “industrial policy” in which the federal government picks specific technologies for special tax treatment or subsidy.

■ The Bush administration believes the best way to support the development of civilian technology is by improving private incentives, not by trying the impossible job of second-guessing consumer decisions.

## **President Bush's housing policy: providing HOPE**

The President's forward-looking plan for housing is called HOPE — Home ownership and Opportunity for People Everywhere. HOPE encompasses four principles:

*1. Empowering poor families to achieve self-sufficiency and have a stake in their communities.*

■ President Bush is proposing HOPE grants to provide funds for resident management and home ownership in public housing, government-held vacant and foreclosed properties and financially distressed properties.

■ President Bush seeks to increase funding for the Urban Homesteading program, which turns over government-held properties to cities that then provide them at nominal cost to moderate-income families.

*2. Expanding housing opportunities for moderate-to-low income families and young families just starting out.*

■ The HOPE initiative would allow first-time home buyers to withdraw funds from their IRAs without penalty.

■ HOPE includes Housing Opportunity Zones, a program to target federal incentives to those distressed communities that best remove tax and regulatory barriers to affordable housing.

### *3. Helping end the tragedy of homelessness.*

■ The President supports full funding of the McKinney Act, which provides for a wide variety of programs of aid to the homeless.

■ The President proposes a new "Shelter Plus Care" program to help the homeless mentally ill or recovering substance abusers.

### *4. Creating jobs and economic opportunities in distressed inner cities and rural areas.*

■ HOPE would create 50 enterprise zones to encourage job creation and attract seed capital for business development. It will provide for a zero capital gains tax rate on tangible investments in enterprise zones.

## **Liberal fictions about housing and homelessness**

**Fiction:** Housing assistance was cut during the 1980s.

**Fact:** Between 1980 and 1990, outlays for housing assistance increased from \$5.6 billion to \$16.3 billion — more than an 80 percent increase after inflation. (FY90 Historical Tables, p. 70; FY91 Budget, p. A-296)

**Fiction:** There are as many as 5 million homeless people.

**Fact:** One homeless person is one too many. In 1980, the National Academy of Sciences estimated the number at 650,000, the Urban Institute found 570,000, and the General Accounting Office — an arm of Congress — put the number between 300,000 to 600,000. (Warren Brookes column, *The Washington Times*, 10-3-89)