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CLOSE HOLD

THE WHITE HOUSE

WASHINGTON



July 16, 1992

NOTE FOR SAMUEL K. SKINNER
DIRECTOR DARMAN
CHAIRMAN BOSKIN
ROGER PORTER
C. BOYDEN GRAY

DCF HAS SEEN

It would be appreciated if you could review the attached proposed campaign ad materials on a close hold basis. Please provide your comments to this office at your earliest convenience.

Thank you.

A handwritten signature in blue ink, appearing to read "Phi D", located above the typed name.

Phillip D. Brady

A large, stylized handwritten signature or set of initials in black ink, located in the bottom right corner of the page.

CLOSE HOLD**TALKING POINTS FOR THE PRESIDENT ON CRIME**

The primary responsibility of government
is to provide for the safety of its people.
And to protect law-abiding citizens.

A tired woman on her way to work at six in the morning,
on the subway deserves the right to get there safely.

People should not be afraid to walk the streets at night.
Or, feel they are prisoners in their own homes.

That's why I'm appointing of new prosecutors
and judges. Why I'm redirecting the FBI to fight violent
criminals and gangs. And why we're doubling our federal
prison capacity to get convicted felons off the street.

Because, we need to have a little more sympathy for the
victim.. and a little less sympathy for the criminal.

Bush-Quayle '92

Advertising Approval

B. Burchfield

M. Matalin

B. Teeter

CLOSE HOLD

TALKING POINTS FOR THE PRESIDENT ON THE ECONOMY

Over the past 12 years, we've had
the longest period of economic growth
since World War II.

Now we're in a slowdown as the economy sorts itself out..
and times are tough.

We've already put in place
programs that will get this economy
going, again..create new jobs...
and lead to another period of unparalleled growth.

But, there are still things we need to get done.

And a key to economic growth is the need to stop government
spending more than it takes in.

That's why I intend to continue to fight for a Balanced Budget
Amendment, the line item veto. If Congress can't stop over-
spending, I will.

The one thing we absolutely don't need, is the program
suggested by Governor Clinton that would increase federal
spending \$220 billion...combined with the biggest tax increase
in history.

Bush-Quayle '92

Advertising Approval

B. Burchfield

M. Matalin

B. Teeter

CLOSE HOLD

TALKING POINTS FOR THE PRESIDENT ON WELFARE

Welfare was always supposed to be temporary help for people in trouble.

So when people on welfare receive government help, they have a moral responsibility to the rest of us, to get back on their feet as soon as they can.

A responsibility to get a job. Keep their families together... and raise their kids....to become productive, law abiding, drug-free citizens... and end the welfare cycle.

That's why our welfare system needs to be changed to encourage work, instead of welfare dependency.

So, we've gone to our states and said, "We want you to reform your welfare system...and we're going to remove all barriers that might keep you from doing it."

And our plan is beginning to work.

Today, California is doing it.

Wisconsin is doing it.

Maryland and New Jersey are doing it.

And this is just the beginning.

Bush-Quayle '92

Advertising Approval

B. Burchfield

M. Matalin

B. Teeter



JAMES D. GRIFFIN
Mayor

CITY OF BUFFALO
OFFICE OF THE MAYOR

DCF HAS SEEN

SHOWN
POTUS

FAX TRANSMISSION

Date July 16, 1992 Time 8:30 AM PM
Phone Number of Receiving Telecopier 202/456-2562

To Jim Snyder
of The White House
From Mayor Griffin

No. of Pages 3
(including transmission sheet)

Special Instructions/Messages

FAX NUMBER - 716/851-4360
OFFICE NUMBER - 716/851-4841

7/16
Sam -
F.Y.I. Mayor
Jim Griffin - long-time Dear
Mayor of Buffalo.
Great!
Jim Snyder

BUFFALO, NEW YORK

NEWS RELEASE

JULY 10, 1992

Buffalo Mayor James D. Griffin today endorsed President George Bush for re-election, citing the President's experience, proven leadership ability and track record in leading America through the ending of the cold war.

"President Bush is probably the most experienced person ever to be elected President of the United States," the Mayor said. "As a former Ambassador to China, Ambassador to the United Nations and Director of the C.I.A., as well as former Vice President, his experience in national and international affairs when he entered the White House was unique. That was one of the main reasons I endorsed him in 1988, and history has proven me right," the Mayor said.

"His handling of the free world's response to the Iraqi invasion of Kuwait was masterful. He skillfully put and held together a coalition of more than 30 diverse nations -- a feat only equalled in World War II. Once the war started, his boldness and courage insured that it was one of the shortest wars in military history," the Mayor said.

"His reaction to the military coup in the former Soviet Union in August of 1991 was equally masterful. By showing the coup leaders that he unwaveringly supported President Gorbachev, he was instrumental in causing the failure of the coup and President Gorbachev's peaceful return," the Mayor pointed out.

"But President Bush's experienced hand is needed now more than ever. The former Soviet Union has disintegrated, but the Commonwealth left in its wake is near chaos and anarchy. How we deal with these Commonwealth states and other Eastern European countries in the next few years will determine the course of world events for the next century. This is not the time to give some novice 'on-the-job training' in the White House," the Mayor said.

"President Bush realizes the need to accelerate research and development spending by American industry through continued tax credits and targeted funding of key technologies is the key to increased employment. Since 1986, the City of Buffalo has joined with the university, major corporations and the Science and Technology Foundation to promote technology transfer to local companies," Mayor Griffin said.

"The President needs to have a line item veto power, which most Governors have, to control frivolous spending," the Mayor pointed out.

"His actions to compromise the Civil Rights Act fairly balances the need to provide protection to victims of discrimination with the need to avoid measures which would cause an explosion of litigation or place unfair burdens on employers," the Mayor added.

"In closing, the President has a strong pro-life attitude, as I do. For all of these reasons, I feel that President Bush is the best qualified in experience and performance to lead this great nation for another 4 years and I am pleased to endorse him for re-election," the Mayor said.

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DCF HAS

**Government
Affairs**

July 16, 1992

The Honorable Samuel K. Skinner
Chief of Staff
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. Skinner:

Pursuant to Associated Builders and Contractors national Board of Directors meeting, I want to call your attention to the attached letter which was sent to ABC's 16,000 member firms regarding the administration's continued endorsement of union-only project agreements.

Additionally, ABC's leadership has instructed me to communicate our position within the construction industry as well as to a broad range of contractors across the country who are active in government contracting.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Charles E. Hawkins III'.

Charles E. Hawkins III, CAE
Senior Vice President

file:

Boston
Harbor
Case



July 14, 1992

Dear ABC Member:

On July 8, the Bush Administration, through the Solicitor General, has once again affirmed its position against free enterprise by endorsing the union-only agreement on the Boston Harbor Cleanup Project. The brief filed with the U.S. Supreme Court asked the Court to validate a project agreement that forces open shop employees to become union members to work on projects financed with taxpayer's money.

At issue is a project labor agreement negotiated by the Massachusetts Water Resources Authority, Kaiser Engineers and 31 construction unions, which states that the employees of any open shop contractor awarded a contract on the \$6.1 billion, 10-year Boston Harbor Cleanup Project, must sign a union card within seven days of the contract award. Even though the U.S. Court of Appeals for the First Circuit struck down this labor agreement condition, the Bush Administration together with the unions were successful in persuading the Supreme Court to review the decision.

With this action, President Bush told open shop construction employees who comprise approximately 75 percent of the construction workforce that it is legal to force them to join a union to work on projects funded with federal or state funds, your tax dollars and mine.

On Saturday, July 11, ABC's National Board of Directors expressed its disdain for the Administration's active opposition to ABC's position on this issue. The Board passed a resolution which states that ABC cannot support the re-election of President George Bush.

I trust you share my and the Board of Directors deep concern regarding the President's lack of support for the principles of free enterprise and the merit shop philosophy. Frankly, I am outraged by this action of President Bush and I want him to know that ABC and its 16,000 member firms will not support an individual or an Administration which has turned its back on a national group that has so consistently been supportive.

We urge you to write President Bush at the White House, Washington, DC, 20500, to let him know how you feel on this matter. Please send a copy to me and one to your local chapter. Thank you.

Sincerely,

Steven D. Westra
President



DCF HAO

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Charles E. Hawkins III, CAE
Senior Vice President



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A handwritten signature in black ink that reads 'Steve'.

Steven D. Westra
President

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In the Supreme Court of the United States

OCTOBER TERM, 1991

No. 91-261

BUILDING AND CONSTRUCTION TRADES COUNCIL
OF THE METROPOLITAN DISTRICT, PETITIONER

v.

ASSOCIATED BUILDERS AND CONTRACTORS OF
MASSACHUSETTS/RHODE ISLAND, INC., ET AL.

No. 91-274

MASSACHUSETTS WATER RESOURCES AUTHORITY AND
KAISER ENGINEERS, INC., PETITIONERS

v.

ASSOCIATED BUILDERS AND CONTRACTORS OF
MASSACHUSETTS/RHODE ISLAND, INC., ET AL.

ON PETITIONS FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR
THE FIRST CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE

This brief is submitted in response to the Court's invitation to the Solicitor General to file a brief expressing the views of the United States.

STATEMENT

1. The Massachusetts Water Resources Authority (MWRA) is a governmental agency authorized by the Massachusetts legislature to provide water-supply services

(1)

and sewage-collection, treatment and disposal services for the eastern half of Massachusetts. Following a lawsuit arising out of the discharge of sewage into Boston Harbor in violation of the Clean Water Act, 33 U.S.C. 1251 *et seq.*, the MWRA was ordered by a federal district court to meet a detailed timetable to carry out the clean-up of the Harbor. It is estimated that this task, known as the Boston Harbor Clean-up Project, will require the expenditure of \$6.1 billion for public works over a ten-year period. See *United States v. Metropolitan District Comm'n*, 757 F. Supp. 121, 123 (D. Mass.), *aff'd*, 930 F.2d 132 (1st Cir. 1991).

The means of carrying out the project are set forth in the MWRA's enabling statute, 1984 Mass. Acts 372, and the Commonwealth's public bidding laws, Mass. Gen. Laws ch. 149, §§ 44A-44L & ch. 30, § 39M (& Supp. 1990). See Pet. App. 3a. Pursuant to those laws, the MWRA provides the funds for construction (assisted by state and federal grants), owns the property to be built, establishes the bid conditions, and makes all contract awards. MWRA Pet. App. 3a, 74a.¹

2. In April 1988, MWRA retained Kaiser Engineers, Inc. (Kaiser), a private construction contractor, as its program/construction manager. Kaiser's primary function is to manage and supervise the ongoing construction activity. Another important function of Kaiser, however, was to advise MWRA regarding development of a labor-relations policy that would maintain labor-management peace for the duration of the project. MWRA had already experienced work stoppages and informational picketing at various sites. MWRA was concerned that because of the scale of the project and the number of different craft skills involved, it was vulnerable

¹ "MWRA Pet. App." refers to the appendix to the petition for a writ of certiorari in No. 91-274.

to numerous delays, thus placing the court-ordered time schedule in jeopardy and subjecting MWRA to contempt citations. These concerns were heightened by the limited access to the major work site, Deer Island, which would enable a small number of pickets to stop the entire project. MWRA Pet. App. 3a-4a, 74a-75a.

Aware of these concerns, Kaiser recommended to MWRA that it be permitted to negotiate with unions in the building and construction trades, through the Building and Construction Trades Council (Council), in an effort to arrive at an agreement that would assure labor stability over the life of the project. Any agreement would be subject to review and final approval by MWRA. MWRA Pet. App. 75a, 105a. MWRA accepted Kaiser's recommendations, and in May 1989, Kaiser and the unions negotiated an agreement—the Boston Harbor Wastewater Treatment Facilities Project Labor Agreement (the Master Labor Agreement). See *id.* at 107a-140a.

The Master Labor Agreement states that it is the policy of MWRA that "the construction work covered by this Agreement shall be contracted to Contractors who agree to execute and be bound by the terms of this Agreement." MWRA Pet. App. 109a. It requires all contractors to recognize the Council as the bargaining representative for all craft employees performing work on the project, to hire workers through the hiring halls of the Council's constituent unions, to require hired workers to join the relevant union within seven days, to follow specified dispute-resolution procedures, to apply the Council's wage, benefit, seniority, apprenticeship and other rules, and to make contributions to the Council unions' benefit funds. In return, the unions agreed not to engage in any strikes or work stoppages during the ten-year life of the project. *Id.* at 5a-6a, 32a, 75a.

On May 28, 1989, MWRA approved the Master Labor Agreement as the labor policy for the project and directed that Specification 13.1 be added to the bid specifications

or all new construction work.² MWRA Pet. App. 5a, 75a. Specification 13.1 provides, in pertinent part, that:

[E]ach successful bidder and any and all levels of subcontractors, as a condition of being awarded a contract or subcontract, will agree to abide by the provisions of the [Master Labor Agreement] as executed and effective May 22, 1989, by and between [Kaiser], on behalf of [MWRA], and the [Trades Council] * * * and will be bound by the provisions of that agreement in the same manner as any other provision of the contract * * *.

l. at 141a-142a. Successful bidders are accordingly required to abide by the Master Labor Agreement, but the bidding is not restricted to union contractors. The specifications provide that any qualified bidder may compete for a contract, without regard to whether the contractor is a pre-existing bargaining relationship with a union, and the contract must be awarded to the lowest qualified bidder.

Nonunion bidders are also not required to sign any other agreement with any unions for other projects. In addition, although a contractor must agree to use the local union's job referral system for labor on the project or to give preference to applicants referred by the local union if the union has no such referral system), the job referral system must be operated in a non-discriminatory manner so that employees who are not already union members are nevertheless eligible for project work. WRA Pet. App. 103a-104a, 110a, 116a-117a.

3. On March 5, 1990, respondent Associated Builders and Contractors of Massachusetts/Rhode Island (ABC)—

² Massachusetts law expressly requires the MWRA, as well as other procuring agencies, to award contracts pursuant to a competitive bidding process. See page 2, *supra*; Pet. App. 3a; *Modern Continental Construction Co. v. Lowell*, 465 N.E.2d 1173 (Mass. 84).

an association of nonunion contractors—filed this suit in the United States District Court for the District of Massachusetts seeking an injunction barring enforcement of Bid Specification 13.1 on the ground, *inter alia*, that it impermissibly interferes with the system of free collective bargaining contemplated by the National Labor Relations Act (NLRA). On April 11, 1990, the district court issued a memorandum and order rejecting ABC's preemption and other claims, and denied a preliminary injunction. MWRA Pet. App. 72a-83a.

In the meantime, another contractors' association, the Utility Contractors Association of New England, had filed an unfair labor practice charge with the National Labor Relations Board (NLRB), alleging that Kaiser's project agreement with the Council violates the NLRA. On June 25, 1990, after the district court had ruled, the General Counsel of NLRB refused to issue a complaint, finding that the agreement is lawful under the construction industry proviso to Section 8(e) of the NLRA, 29 U.S.C. 158(e), and is a valid prehire agreement under Section 8(f), 29 U.S.C. 158(f). See *Building & Trades Council, et al. (Kaiser Engineers, Inc.)*, Case 1-CE-71, GC Advice Memo (reproduced at MWRA Pet. App. 88a-93a).

4. On October 24, 1990, a panel of the First Circuit reversed the district court's decision, agreeing with ABC's contention that MWRA's Bid Specification 13.1 is preempted by the NLRA. MWRA Pet. App. 49a-71a. On rehearing en banc, the court of appeals, by a 3-2 vote, adhered to that ruling. *Id.* at 1a-48a.³

The en banc majority believed that "the present case is most heavily influenced by the Supreme Court's hold-

³ After issuance of the panel's decision, the district court entered a preliminary injunction barring enforcement of Bid Specification 13.1. The en banc court continued that injunction in effect pending rehearing. MWRA Pet. App. 86a-87a. The ultimate decision by the en banc court, which affirmed the panel's decision, continues that injunction in effect. *Id.* at 31a.

ings in the *Golden State Transit Corp.* cases,⁴ which relied and expanded upon the *Machinists* doctrine.”⁵ MWRA Pet. App. 15a. It understood “the lesson of the *Golden State* cases [to be] that, where interference into the collective bargaining process by the state is *direct*, an asserted state interest of the type at issue here, whether ‘proprietary’ or otherwise, cannot justify the interference.” *Id.* at 30a. In this case, the majority concluded that Bid Specification 13.1, by requiring all contractors to comply with the Master Labor Agreement negotiated by Kaiser, constitutes direct interference with the collective bargaining process. *Id.* at 17a. The majority recognized that Sections 8(e) and 8(f) of the NLRA expressly permit such special contractual arrangements in the construction industry, *id.* at 22a-24a, and that under those provisions, “the Master Labor Agreement between the Trades Council and Kaiser is a valid labor contract.” *Id.* at 24a. But it found the legality of the agreement itself to be “irrelevant” to the question whether Bid Specification 13.1—by which MWRA requires adherence to that agreement—is preempted. *Id.* at 24a-25a.

In dissent, Chief Judge Breyer, joined by Judge Campbell, believed the “only question in this case is whether the NLRA forbids the MWRA, because it is a state agency, to do what the Act explicitly permits a private contractor to do.” MWRA Pet. App. 32a. In his view, far from upsetting the balance between labor and management that Congress intended, the MWRA’s contracting decision affects labor-management relations “only to the extent that Congress foresaw and (with respect to general contractors) explicitly authorized” in Sections 8(e) and 8(f). Pet. App. 34a.

⁴ See *Golden State Transit Corp. v. City of Los Angeles*, 475 U.S. 608 (1986) (*Golden State I*), and *Golden State Transit Corp. v. City of Los Angeles*, 493 U.S. 103 (1989) (*Golden State II*).

⁵ See *Lodge 76, Machinists v. Wisconsin Employment Relations Comm’n*, 427 U.S. 132 (1976).

DISCUSSION

In our view, the court of appeals erred. It should have found that Massachusetts did not exceed its legitimate authority to specify the terms and conditions for contracting on its own public works project. Implied preemption under the NLRA is inappropriate in this context because the Commonwealth has not sought to regulate collective bargaining in Massachusetts. It has only sought to exercise a proprietary right that Congress expressly conferred on private employers—the right to require all contractors working on a construction project to adhere to a collective bargaining agreement with a union. The NLRA was designed to avoid undue interference in the States’ conduct of their own affairs by excluding States from the definition of “employers” covered by the Act, yet the decision below expands the implied preemption doctrine to deny States rights that are afforded even to private employers.

Although there is as yet no conflict in the decisions of the courts of appeals, we believe that the issue is of such substantial importance that review is warranted. This Court’s precedents do not clearly resolve the preemption issue that is thoroughly discussed in the divided opinions of the en banc court below. This uncertainty poses significant difficulties for States seeking to assure stability in the performance of their public works projects. In this case alone, the decision has nullified a key contractual provision in the massive public works project for the clean-up of Boston Harbor—a project that must be completed according to a schedule established by the judgment in a suit brought by the United States to remedy substantial violations of the Clean Water Act. The decision similarly threatens the validity of other project agreements that have been utilized in connection with construction of a wide variety of other major public works across the country, and will serve to deter the States from utilizing such terms in new public works projects until the issue is finally settled. We therefore

believe that it is appropriate to grant certiorari in this case.

1. The holding by the court of appeals majority that federal law preempts MWRA's requirement that contractors on MWRA's construction project abide by the labor agreement previously negotiated by its construction manager rests primarily on that branch of NLRA preemption law known as *Machinists* preemption. MWRA Pet. App. 15a, 30a; see *Machinists v. Wisconsin Employment Relations Comm'n*, 427 U.S. 132 (1976); see also *Teamsters v. Morton*, 377 U.S. 252 (1964). This Court has explained that the *Machinists* doctrine is designed "to govern pre-emption questions that arose concerning activity that was neither arguably protected * * * nor arguably prohibited" by the NLRA's specific terms. *Metropolitan Life Ins. Co. v. Massachusetts*, 471 U.S. 724, 749 (1985).⁶ Under that doctrine, the courts must determine if a State's regulation of conduct conflicts with Congress's intention that certain labor-related conduct remain "unregulated" and left to "the free play of economic forces." *Machinists*, 427 U.S. at 140.

⁶ The *Machinists* doctrine is distinct from the other major branch of NLRA preemption doctrine—*Garmon* preemption—which governs cases involving state regulation of conduct that is either arguably protected or arguably prohibited by the NLRA's specific regulatory terms. See *San Diego Building Trades Council v. Garmon*, 359 U.S. 236 (1959); see also *Metropolitan Life Ins. Co. v. Massachusetts*, 471 U.S. at 748-751 (describing "two distinct NLRA preemption principles").

Although relying primarily on the *Machinists* doctrine, the majority below expressed the view that the *Garmon* preemption doctrine also "most likely applies to Specification 13.1." MWRA Pet. App. 30a; see also *id.* at 15a, 21a. The only explanation for this view was an assertion that the agreement's provision for union recognition interferes with employee rights under Section 7 of the NLRA, 29 U.S.C. 157. Pet. App. 21a. However, as we explain at pages 9-10, *infra*, Section 8(f) of the NLRA specifically sanctions prehire agreements in the construction industry and protects employee free choice by permitting employees to file a petition for a representation election during the term of such an agreement.

The state action in issue here does not cause any impermissible interference with federal labor policy, because the use of binding project labor agreements in the construction industry is specifically sanctioned by Sections 8(e) and 8(f) of the NLRA. Section 8(e) ordinarily prohibits agreements between an employer and a union that preclude an employer from doing business with any other party, such as a non-union contractor. The section contains a "construction industry proviso," however, which nevertheless permits preclusive arrangements between a union and an employer in the construction industry that concern the contracting or subcontracting of work to be performed at a construction jobsite. Furthermore, Section 8(f) of the NLRA also adopts a special rule of labor relations for the construction industry by permitting "prehire agreements" under which employers will recognize unions as bargaining representatives of employees who have not yet been hired.⁷

Operating together, Sections 8(e) and 8(f) validate project labor agreements in the construction industry—collective bargaining agreements that establish labor terms and union recognition for a construction project as a whole, and that require all contractors and subcontractors who are subsequently engaged to work on the project to agree to be bound by the agreement's provisions. See *Jim McNeff, Inc. v. Todd*, 461 U.S. 260, 265-266, 270 n.9 (1983); *Woelke & Romero Framing, Inc. v. NLRB*, 456 U.S. 645, 659-660 & n.12, 662, 663 & n.15 (1982). Accordingly, both the majority and the dissenters below agreed that there would have been no interference with or distortion of the economic forces that Congress expected to govern labor relations in the construction industry if the project labor agreement chal-

⁷ To protect employee free choice, however, Section 8(f) contains a proviso that permits employees, once hired, to utilize the NLRB election process if they choose to reject the bargaining representative, or to cancel the union security provisions of the prehire agreement.

lenged in this case had been entered into solely by a private general contractor such as Kaiser. MWRA Pet. App. 24a, 34a-35a. They disagreed, however, on whether it makes a difference that an agency of the Commonwealth of Massachusetts (MWRA), rather than a private party, authorized negotiation of the agreement and then effectuated it by requiring contractors to adhere to its terms as a condition of performing work on the state-owned project. *Id.* at 27a-28a, 35a, 40a-41a.

2. a. In finding MWRA's Bid Specification 13.1 preempted, the majority relied principally upon this Court's decisions in the *Golden State* cases. See note 4, *supra*. In *Golden State I*, the Court held that the city's action in conditioning renewal of the company's taxicab operating license on the company's settlement of its labor dispute with the union by a certain date was preempted by the NLRA. The Court reasoned that the city had "[entered] into the substantive aspects of the bargaining process to an extent Congress has not countenanced" by setting "time limits on negotiations [and] economic struggle." 475 U.S. at 616 (quoting *Machinists*, 427 U.S. at 149). In *Golden State II*, the Court held that the company was entitled to sue for compensatory damages under 42 U.S.C. 1983, because the city's action in violating the company's "right to use permissible economic tactics to withstand the strike" deprived it of "a personal liberty" guaranteed by federal law. 493 U.S. at 112.

The majority below read the *Golden State* cases as establishing an absolute rule that "where interference into the collective bargaining process by the State is *direct*, an asserted state interest of the type at issue here, whether 'proprietary' or otherwise, cannot justify the interference." MWRA Pet. App. 30a. The *Golden State* decisions, however, do not create any absolute preemption policy. Rather, the test under *Golden State* is whether the State has "[entered] into the substantive aspects of the bargaining process to an extent Congress has not countenanced." *Golden State I*, 475 U.S. 616 (emphasis

added) (quoting *Machinists*, 427 U.S. at 149). Thus, the *Golden State* decisions require inquiry into whether the particular state action conflicts with an intention by Congress to leave the specific conduct involved to the free play of economic forces. In this case, the dissenting judges below correctly concluded that MWRA's actions are in all relevant respects indistinguishable from those of private contractors that are expressly permitted by the NLRA *despite* their potential impact on the free play of economic forces between other contractors and their employees on a construction project, and that those actions do not affect the NLRA's operation in any ways unintended by Congress.

The first step in the *Golden State/Machinists* analysis is to identify the precise right that the NLRA assertedly "protect[s] against governmental interference." *Golden State II*, 493 U.S. at 108. In the view of respondents and the majority below, the protected right is the right of contractors "to negotiate their own terms of employment or to operate on a non-union basis." Br. in Opp. 4; MWRA Pet. App. 18a, 21a. Although employers in other industries may have that right, the construction industry proviso to Section 8(e) limits both the legal right and practical ability of contractors in that industry to order their own labor relations. By virtue of the proviso, a general contractor has the right to require all other employers working on a particular jobsite to adhere to the terms of a master labor agreement it has entered into with union representatives. Accordingly, the nonunion contractors that are members of respondent ABC would have had no right protected by the NLRA to obtain work on a nonunion basis at the Boston Harbor Project if it had been privately owned, if the owner had retained Kaiser as its general contractor, and if Kaiser, in turn, had entered into a project agreement identical to that challenged here. It follows that MWRA is trenching on no right accorded by the NLRA to nonunion (or other) contractors by requiring them, as a condition of obtain-

ing work on the project, to abide by the union agreement that Kaiser negotiated with MWRA's approval.

b. The majority below in fact acknowledged that "under the exceptions established by Sections 8(e) and 8(f) of the Act, the Master Labor Agreement between the Trades Council and Kaiser is a valid labor contract." MWRA Pet. App. 24a. But it found that conclusion to be "irrelevant to the preemption issue at hand," because the "history of Sections 8(e) and 8(f) discusses private employers only," and nowhere "is there any indication that a state would be allowed to impose this type of regulation." Pet. App. 24a-25a. The majority also believed that "Congress is perfectly capable of distinguishing between states and private parties when it chooses, and it has so chosen here," since Sections 8(e) and 8(f) refer to an "employer," and Section 2(2) (29 U.S.C. 152(2)) excludes from the definition of that term "any State or political subdivision thereof." Pet. App. 27a.

However, as Chief Judge Breyer pointed out in dissent, "Congress had two perfectly good reasons for not making the construction-industry exceptions explicitly applicable to states, and neither of these reasons suggests any preemptive intent." MWRA Pet. App. 41a. First, "the list of forbidden practices, to which the exceptions apply, itself applies only to an 'employer,' defined to exclude 'any State,' thereby leaving the regulation of labor relations between a state and its own employees primarily to state law"; accordingly, a "drafter, writing a statutory exception to the resulting prohibition, would not normally extend its scope beyond those subject to the prohibition in the first place." *Ibid.* Second, when Congress enacted the construction industry exceptions in 1959, it "had little reason to believe that a court might find, hidden in the silence of the Act, some other relevant prohibition applicable to a state." *Ibid.*

Further, this Court has concluded that when Congress enacted Section 8(e)'s construction industry proviso and Section 8(f), it intended to preserve the existing "pat-

tern of collective bargaining in the construction industry." *Woelke & Romero*, 456 U.S. at 657. It therefore is significant that in the detailed testimony preceding enactment of those provisions, the pattern described for construction of public works (*e.g.*, dams, roadways, and bridges) was no different from that for purely private projects.⁸ In addition, the reasons identified in the legislative history for authorizing prehire bargaining in the construction industry—the special circumstances making meaningful posthire collective bargaining difficult, the general contractor's need to predict labor costs, and the contractor's need to have available a steady supply of

⁸ See, *e.g.*, *Hearings on S. 1973 Before the Subcomm. on Labor and Labor-Management Relations of the Senate Comm. on Labor and Public Welfare*, 82d Cong., 1st Sess. 27, 29, 31, 35, 39, 45 (1951); see also Council Pet. 11 (discussing Labor Department study concluding that project agreements have been used for many decades on both private and public development projects).

The Court in *Woelke & Romero* also relied (456 U.S. at 658-659 & n.11) on the discussion in the legislative history of *Associated General Contractors of America, Inc. (St. Maurice, Helkamp & Musser)*, 119 N.L.R.B. 1026 (1957), review denied and enforced *sub nom. Operating Engineers Local Union No. 3 v. NLRB*, 266 F.2d 905 (D.C. Cir.), cert. denied, 361 U.S. 834 (1959). That case involved a union agreement governing construction work on Travis Air Force Base in California that was undertaken pursuant to a contract with the Army Corps of Engineers. 119 N.L.R.B. at 1027, 1049; 266 F.2d at 906. See also 105 Cong. Rec. 15,541 (1959) (Mem. of Reps. Thompson and Udall, cited in *Woelke & Romero*, 456 U.S. at 662 n.13) ("the building trades unions and contractors follow the practice of working out a scale of wages and other terms of employment which will be applicable to all projects within a specified geographical area for a substantial period of time," and "[t]his practice has been encouraged by the Atomic Energy Commission and other Government agencies"); *Labor-Management Reform Legislation: Hearings on S. 505, S. 748, S. 76, S. 1002, S. 1137, and S. 1311 Before the Subcomm. on Labor of the Senate Comm. on Labor and Public Welfare*, 86th Cong., 1st Sess. 496 (1959) (testimony of Richard J. Gray, President of Building and Construction Trades Department, AFL-CIO, quoting S. Rep. No. 1509, 82d Cong., 2d Sess. 3-4 (1952)) (the "United States Government * * * is directly concerned in the proper pricing and completion

labor⁹—hold true whether it is a public contractor or a private contractor that lets the contracts for the work. This background greatly undermines the court of appeals' and respondents' notion that Congress, without saying so, intended to deny the States and their political subdivisions the benefits of agreements permitted by Sections 8(e) and 8(f) when they act in a proprietary capacity.

By contrast, we share petitioners' view that the position of the majority below would frustrate congressional intent and produce arbitrary distinctions in prehire practices within the construction industry. Whether there is a prehire union agreement covering an entire project "would often reflect, not size of the project, or desire of the parties, or special conditions of the industry, but simply whether or not the entity letting the contracts is an arm of the state or private." MWRA Pet. App. 40a. And even among state projects, "the presence or absence of such an agreement would depend upon whether state law permits the state in question to have a private contractor (who, then, presumably, would be free to enter into a prehire agreement), or, as in Massachusetts, requires the state agency to sign the relevant contracts itself." *Id.* at 40a-41a.

c. The court of appeals majority also believed that its holding was supported by *Wisconsin Dep't of Industry v. Gould*, 475 U.S. 282 (1986), which held that a Wisconsin statute debarring certain repeat violators of the NLRA from doing business with the State was preempted by the NLRA. See MWRA Pet. App. 25a-30a. In rejecting the contention that the State was merely acting as a purchaser of services, the Court acknowledged that "[n]othing in the NLRA * * * prevents private purchasers from

of construction projects for defense installations and production facilities," and prehire agreements are important for "large projects, particularly for defense installations and plants").

⁹ See, e.g., S. Rep. No. 187, 86th Cong., 1st Sess. 27-29 (1959) (reproduced at MWRA Pet. App. 46a-48a); see also Pet. App. 37a-40a (Breyer, C.J., dissenting).

boycotting labor law violators," but added that "[t]he Act treats state action differently from private action * * * because in our system States simply are different from private parties and have a different role to play." 475 U.S. at 290.

Gould, however, is clearly distinguishable from this case. The state debarment rule in *Gould* "serve[d] plainly as a means of enforcing the NLRA," and "[n]o other purpose could credibly be ascribed" to it. 475 U.S. at 287. Here, by contrast, MWRA is not seeking to enforce the NLRA, punish NLRA violators, or further any regulatory role. It seeks only to protect its *own* proprietary interests in the stable and efficient development of a major governmental project, and it does so, as a private developer would, through lawful arrangements relating to project labor agreements. Indeed, the labor agreement in issue here actually was negotiated, apparently without direction from MWRA, by Kaiser, the private construction manager and general contractor that MWRA selected.

Nothing in *Gould* suggests that where, as here, the State is seeking to further its legitimate proprietary concerns through an arrangement expressly authorized by the NLRA, its action nevertheless is preempted. To the contrary, the *Gould* Court specifically noted that it was "not say[ing] that state purchasing decisions may never be influenced by labor considerations," and that it was "not faced here with a statute that can even plausibly be defended as a legitimate response to state procurement constraints or to local economic needs." 475 U.S. at 291. This case directly implicates those concerns, and thus presents the issue left open by *Gould*.

3. We recognize that the First Circuit decision does not conflict with the decision of any other court of appeals, but we nevertheless believe that review by this Court is warranted. The preemption analysis adopted in this case has invalidated a major contractual undertaking by the Commonwealth of Massachusetts, and thereby threatened the

timely, cost-effective clean-up of the Boston Harbor.¹⁰ The decision also casts doubt on the validity of similar project labor agreements that have been utilized for the construction of a wide variety of public projects (both state and federal), including hospitals, tunnels, airports, convention centers, hydroelectric projects, waste treatment facilities, and mass transit systems. See Council Pet. 12-13 & n.5; MWRA Pet. 12; California, *et al.*, Amicus Br. 2 n.1.¹¹ In the circumstances of these projects, the responsible governmental entities, including federal agencies, found that such agreements were important to ensuring stability, an available labor supply, and timely completion of major construction projects needed to further substantial public purposes. The undertaking of such public projects is a central function of state and

¹⁰ We are advised that the unions have only agreed to continue to honor the agreement pending the outcome of the proceedings in this Court. If certiorari is not granted, the unions may seek to repudiate the agreement, on the premise that a fundamental term of the bargain has been invalidated.

¹¹ Respondents attempt (Br. in Opp. 5) to distinguish between "union-only" project agreements and those that "establish certain conditions of employment without interfering in the process of collective bargaining." They assert that "there is no evidence in the record of this case that 'union-only' project agreements are 'widely-used' by state or local governments anywhere in the country." However, as the Unions point out (Council Reply Br. 4-5), respondents "offer no evidence that there are, in actual practice, two distinct types of project labor agreements, or that in the public sector, use of the supposedly 'less offensive' type of agreement predominates." Indeed, the Baltimore Harbor Tunnel Thruway agreement (see C.A. App. 451), the only agreement cited by respondents as an example of the supposedly "less offensive" type, requires all contractors to abide by a collective bargaining agreement and recognize union representation of their employees. See C.A. App. 455, 462-463. Moreover, as the Council observes (Reply Br. 5), "a public entity's decision to require contractors to adhere to a supposedly 'less offensive' project agreement—which is still a collectively bargained agreement that 'establish[es] certain conditions of employment' * * * for all project work"—would also appear to be unlawful under the First Circuit's reasoning.

local governments. Such projects therefore "implicate[] 'interests so deeply rooted in local feeling and responsibility,' that pre-emption should not be inferred." *Gould*, 475 U.S. at 291 (quoting *Garmon*, 359 U.S. at 243-244).

A number of similar challenges have in fact been filed in at least three other circuits. These cases indicate that the issue is a recurring one, that this Court will ultimately have to resolve the question, and that deferring review has highly adverse consequences for state and local governments. Relying on the decision below, a divided panel of the Eighth Circuit recently enjoined the City of Minneapolis from using a project labor agreement in its construction of a new municipal bridge. See *Glenwood Bridge, Inc. v. City of Minneapolis*, 940 F.2d 367 (1991). Challenges to public works projects carried out under similar arrangements are also now pending in two other circuits where the preemption claims were rejected by the district courts. *Phoenix Engineering, Inc. v. M-K Ferguson of Oak Ridge Co.*, No. Civ. 3-90-839 (E.D. Tenn. Mar. 22, 1991), appeal pending, No. 91-5527 (6th Cir.) (rejecting claim that NLRA prohibited involvement by Department of Energy in project labor agreement for construction services at Department's Oak Ridge Operations); *Areo Electric v. Watkins*, No. CV 90-0075-E-EJL (D. Idaho May 14, 1991) (rejecting claim that NLRA bars project labor agreement on Department of Energy project); *Associated Builders & Contractors v. City of Seward*, No. A91-001 (D. Alaska Mar. 20, 1991), appeal pending, No. 91-35511 (9th Cir.) (granting summary judgment in favor of the city). Although other circuits may ultimately reject the view of the First and Eighth Circuits, there is no reason to expect the en banc resolution of the First Circuit to change. On balance, we therefore believe that the States' rights to engage in such conduct should be settled at this time.¹²

¹² There is no merit to respondents' contention (Br. in Opp. 15) that this Court should not grant review because the court of appeals' decision was rendered on appeal from the denial of a pre-



U.S. Department of Justice
Office of the Solicitor General

Washington, D.C. 20530

July 8, 1992

Mr. Charles E. Hawkins
Senior Vice President
Associated Builders and Contractors, Inc.
729 15th Street N.W.
Washington, D.C. 20005

Dear Mr. Hawkins:

Your letter to the President concerning the Boston Harbor cases in the Supreme Court -- Building and Construction Trades Council of the Metropolitan District v. Associated Builders and Contractors of Massachusetts/Rhode Island, Inc., et al., No. 91-261, and Massachusetts Water Resources Authority and Kaiser Engineers, Inc. v. Associated Builders and Contractors of Massachusetts/Rhode Island, Inc., et al., No. 91-274 -- has been referred to this Office for a response.

As you know, these cases involve the validity under federal law of a state-law requirement that contractors who bid for work on the Boston Harbor clean-up project must agree to be bound by the project labor agreement negotiated between the Massachusetts Water Resources Authority and the Building and Construction Trades Council. The Supreme Court requested the Solicitor General to file a brief expressing the views of the United States when it was considering whether to grant review.

The brief this Office filed in response to the Supreme Court's request explains that in the private sector, a project labor agreement such as that at issue in the Boston Harbor cases is expressly authorized by the "construction industry proviso" to Section 8(e) of the National Labor Relations Act and by the "prehire agreement" provision in Section 8(f) of the Act. When it enacted those provisions in 1959, Congress determined that such agreements were appropriate because of special conditions in the construction industry. The legal issue in the Boston Harbor cases is whether Congress treated state and local governments differently from all other employers and proprietors by prohibiting them from entering into the same sort of project labor agreement on their own construction projects, even if the government concerned concludes that the agreement would further

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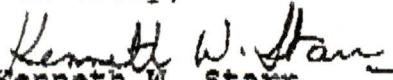
what it regards as important proprietary interests. The brief filed by this Office concludes that Congress did not single out the States and their political subdivisions in that manner.

However, as the brief also points out, in order to protect employee freedom of choice, Section 8(f) of the National Labor Relations Act contains a proviso that permits employees, once hired, to utilize the Act's election process if they choose to reject the bargaining representative specified in the project labor agreement, or to cancel the union security provisions of the prehire agreement. Moreover, contractors who do not have existing collective bargaining agreements with a union are not excluded from competing with other contractors for project work, and are not required to use union labor on any other projects. The only requirement is that they, like all other contractors, must agree to be bound by the project labor agreement with respect to work performed on the project itself.

Consistent with principles of federalism, Congress has left to the state and local governments concerned the decision whether to enter into a project labor agreement in circumstances such as those presented on the Boston Harbor clean-up project. Responsibility for making that decision has not been assigned to any federal agency. It was this existing statutory scheme, duly enacted by the Congress of the United States, that necessarily formed the basis for the United States' legal submission to the Supreme Court.

Thank you for expressing your views on this important subject to the President and others in the Administration.

Sincerely,


Kenneth W. Starr
Solicitor General



July 16, 1992

The Honorable George Bush
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I am writing in response to the letter sent to me on July 8, 1992 by Kenneth Starr, Solicitor General of the United States.

The Solicitor General's letter attempts to explain the Administration's support of government-imposed union-only construction in the Boston Harbor case now before the U.S. Supreme Court. Upon review by our counsel, I must inform you that the Solicitor's letter significantly misstates the facts and law of the issue before the Supreme Court.

First, the Solicitor contends that the project agreement imposed on all private contractors by the Massachusetts government is "expressly authorized" by Section 8 (e) of the NLRA. But the NLRA expressly excludes government entities from its coverage and states that political subdivisions are not "employers" to whom Section 8 (e) applies. Thus, as the Court of Appeals held, 8 (e) provides no authorization whatsoever for governments to interfere with the process of private sector collective bargaining.

The Solicitor next argues that Congress did not intend to place restrictions on local government powers that are not also placed on private construction users. In fact, the Supreme Court has previously declared that governments are subject to greater restrictions than the private sector, because government poses the greatest threat to private sector initiative. In the Boston Harbor case, for example, the government is violating fundamental statutory rights of thousands of private contractors by forcing them to sign union agreements as a condition of performing government work. Such conduct is expressly prohibited because a government agency, not a private owner, is involved.

The Solicitor has also misunderstood the full force and effect of the Boston Harbor union-only requirement. The Solicitor claims that employees could vote to reject a state-imposed bargaining agent under Section 8 (f) of the NLRA. Yet, if employees do so, their employer will be removed from the Boston Harbor project and the employees will lose their jobs. This is hardly a remedy for the government's infringement of the employers statutory rights. Similarly, the Solicitor myopically observes that the contractors can simply choose

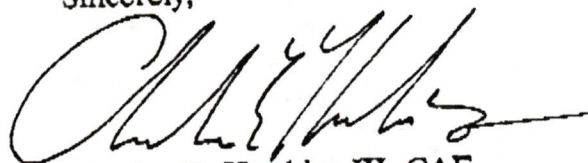
Executive Office of the President
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Page 2

to bid on other work and thereby avoid the union-only requirement. But the Boston Harbor project involves \$6 billion in construction work over the next 10 years. Also, billions more in government construction work will be denied to open shop contractors if the Boston Harbor project agreement is upheld.

Finally, the Solicitor wrongly contends that this case involves principles of "federalism" i.e., that the states should be allowed free rein on the issue of union-only construction. In reality, the issue is one of government interference with private collective bargaining, an area which the Supreme Court has held to be off limits from either state or federal regulation.

Ultimately, we believe the Supreme Court will reject the Solicitor General's views and will vote to affirm the Court of Appeals decision invalidating forced unionism on government projects. It is an outrage, however, that the Administration has come out in favor of government-mandated union-only construction, and in such a poorly reasoned and unjustified manner. The Administration can remedy its mistake only by filing a new brief on the merits supporting the decision of the Court of Appeals.

Sincerely,

A handwritten signature in dark ink, appearing to read 'CH. E. HAWKINS III', with a long, sweeping horizontal line extending to the right.

Charles E. Hawkins III, CAE
Senior Vice President

07/02/92 09:38 DUNBAR - ABC NTL. 202-637-8800 (FAX 638-4748)

DATE: July 16, 1992

TO: ABC National Executive Committee
ABC Chapter Presidents
ABC Chapter Executive Directors

FROM: Steve Westra, National President

RE: CALL UP OR GIVE UP

We have every indication that on July 22 the Bush Administration will officially ask the U.S. Supreme Court to rule against ABC in the Boston Harbor Case and find that ALL PUBLIC WORKS CONSTRUCTION PROJECTS MAY BE BUILT BY UNION CONSTRUCTION COMPANIES ONLY. This is being done despite numerous discussions between the Administration and ABC, and formal action by the ABC National Board not to endorse the Bush/Quayle ticket if this anti-merit shop position is not changed.

IF THE SUPREME COURT AGREES WITH GEORGE BUSH, EVERY TOWNSHIP, CITY, COUNTY, STATE AND FEDERAL AGENCY WILL BE GRANTED CARTE BLANCHE TO BAN MERIT SHOP CONTRACTORS FROM EVERY PUBLIC WORKS PROJECT IN THE UNITED STATES.

We have mailed an urgent letter to the membership and have prepared another to be mailed once the Bush amicus is dropped on the Supreme Court. But, according to the Administration, it's already a done deal.

On this Friday, July 17 between 9 a.m. and 5:00 p.m Eastern time, I am asking that every ABC chapter president, executive director and national officer make PERSONAL TELEPHONE CALLS to the following two Bush officials:

Clayton Yeutter, assistant to the President for Domestic Policy, 202-456-1414; Robert Mosbacher, campaign manager, Bush/Quayle 92, 202-336-7080.

Tell them your position within ABC and the number of companies represented by your chapter. Tell them that you and those members are OUTRAGED at President Bush's decision to force your employees to become union workers in order to work on a project funded by the tax dollars they pay to the government each year. George Bush's decision to require forced unionism on public construction projects is anti-competitive, anti-business and anti-American.

If either of those two individuals cannot speak with you in person, make sure you leave a detailed message.

IF YOU BELIEVE IN ABC AND YOUR RIGHT TO RUN YOUR OWN BUSINESS, MAKE THOSE TWO CALLS ON FRIDAY, JULY 17.

Frankly, I don't know if we are going to be able to turn this around, but the more calls the White House receives on Friday, the better our chances will be.

DON'T LET GEORGE BUSH STAMP THE UNION LABEL ON YOUR TAX DOLLARS.

*end of transmission



Name
Company
Address
City, State Zip

Dear First Name:

The Bush Administration just stabbed free enterprise, ABC, and your company in the back, and I'm asking every member to let Mr. Bush know that we won't stand for it one bit.

George Bush's Solicitor General at the Justice Department, Kenneth W. Starr, apparently thinks that discriminating against open shop contractors is A-OK, and that it is perfectly fine for any local government to force you to "go union" in order to work on any of its projects. That's exactly what he told the U.S. Supreme Court when it asked him for the Administration's position on ABC's Boston Harbor case against "union only" contracts. The Supreme Court will hear our case this fall. The government -- OUR government paid for by OUR tax dollars -- will argue in favor of union only project agreements!

Is this the same George Bush that promises to keep the government from running your company?

Last year a three-judge panel of the U.S. Court of Appeals ruled in ABC's favor, and said that taxpayer dollars on a federally funded project can't be used to turn open shop contractors into closed shops. When the unions appealed, the full Appeals Court agreed with ABC and upheld the right of a contractor to run his own business without the government mandating labor agreements. Again the unions appealed, this time to the Supreme Court. When the Justices asked what the Administration thought of the case, Mr. Starr gave them his anti-business, anti-free enterprise and anti-merit shop opinion!

It's outrageous that an Administration claiming to be keeping the government's fingers out of your business would join hands with organized labor to force American businessmen and women and their employees into union labor contracts.

Your National Executive Committee and I have contacted the White House again and asked for an immediate meeting to express our indignation over this flagrant attack on our freedom as merit shop contractors and citizens of the United States. I intend my message to be brief: "Read my lips, the Solicitor General's opinion stinks. It flies in the face of everything this Administration is trying to do to make the U.S. competitive in a global economy and attacks management's right to manage in the vast majority of construction companies in this country!" Twenty-five percent of this nation's companies are not competitive -- the President's solution would be to make all of us non-competitive.

We need you to send a strong message to George Bush. If nothing else, please put your company name and address on the enclosed post card, sign it and mail it to the White House. Better yet, express your own outrage in a letter on your company's stationary to Mr. Bush. If you are as upset as I am, you can also call. Chances are the President won't answer the phone, but to make sure he gets the message, ask to speak to Clayton Yeutter, Assistant to the President for Domestic Policy. The phone number is 202-456-1414. I would appreciate copies of any correspondence or notes on any phone discussions, and would ask that you mail them to me in the enclosed envelope.

There's another way you can help. Organized labor spends millions each year running around Washington with fancy presentations, videos and studies promoting its cause to every senator, congressman and federal bureaucrat in town. Frankly, they do a pretty good job of it too. Just look at the number of anti-business, anti-free enterprise, pro-union bills and regulations that come out of Washington each year.

Late last year, ABC formed a political education committee called "POWER" -- which stands for Political Objectives With Educational Resources. **POWER's goal is to counter organized labor's message with the merit shop message.** Unlike PACs, contributions to this special fund can be from companies rather than just individuals.

Any contribution you can make -- \$10, \$20, \$50 or more -- will help ABC educate some of these politicians in Washington about the advantages of merit shop construction. All too often, they only get the union side of the message. **If we are going to be able to stop laws and regulations designed solely to put us out of business, we simply must do a better job of telling our side of the story.** If you want to help, please send us your corporate or personal check, made payable to "ABC - POWER." You can return it in the enclosed envelope also.

Whether or not you can contribute at this time, please let Mr. Bush know immediately that his Administration's decision to support union only agreements is disgraceful and counterproductive to every measure he has taken to strengthen the American economy.

Sincerely,

Steven D. Westra
President

[Post Card to return be to the President]

Dear Mr. President:

I want to express my company's vehement objection to an opinion given to the U.S. Supreme Court by your Administration. In opposition to a twice-upheld ruling by the First Circuit Court, Solicitor General Starr stated that your Administration believes open shop contractors can legally be forced to unionize in order to work on federally funded construction projects.

This opinion runs totally counter to the free enterprise system. No government should have the right to force a company to sign a labor agreement, fire long-time, dedicated employees and hire union workers to work on a project funded by taxpayer dollars. Mr. Starr would stamp the union label on every tax dollar and deny the vast majority of firms in this nation their fundamental right to compete fairly.

I am outraged that you would support such an anti-competitive and anti-American position and will inform my employees that you believe that they are not good enough to work on projects funded by the tax dollars they pay.

Resolution

Whereas, the Bush-Quayle Administration has adopted a position of support for union-only public works construction such as the Boston Harbor project agreement; and whereas, the administration has repeatedly opposed the best interests of the construction industry by permitting taxes to increase, supporting quotas and other anti-competitive proposals; now, therefore, be it resolved that unless the administration's position changes with regard to Boston Harbor, the national Board of Directors of the Associated Builders and Contractors cannot support the re-election of President George Bush.



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

DCF HAS SEEN

July 17, 1992

SHOW
POTUS

Sam,

I have sent the enclosed
letter & draft speech to
the President, for his consideration
of the Urban League invitation.

I solicit your continued help
in this effort.

Lu

THE PRESIDENT'S COPY



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

JUL 17 1992

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Recently, I shared the results of a survey with Bob Teeter, Sam Skinner and Rich Bond concerning the political outlook of Black voters. The survey showed that many Black voters view themselves as conservative on many issues. The survey showed, for example, that Black voters support tough anti-crime measures, endorse education reform which permits poor children to attend private schools, favor permitting public housing residents to purchase their units, and believe that public housing residents involved with drugs should be evicted.

Perhaps most importantly, despite a national media which unfairly portrays the Administration as insensitive to issues important to Black voters, fully 14% of Black voters support you for President. The results of the poll only confirm my very strong belief that we have a great opportunity to attract new voters this Fall.

The National Urban League has traditionally provided an excellent and nonpartisan forum for pragmatic discussion of the effects of various economic and social policies on Black Americans. Because I believe your attendance at the Urban League Convention on July 28 would significantly aid the goal of attracting new voters, I enthusiastically recommend that you accept this invitation.

The convention will provide a friendly forum before a strong and prominent group. You would be able to speak on the 28th, an enviable position after Clinton on the 27th.

I believe strongly that your appearance at the Urban League Convention would be one of the most important and effective steps we can take to attract new voters. I have enclosed a draft set of remarks and have also shared these with Bob, Rich and Sam. Should you wish, I would be pleased to accompany you to the Urban League's Convention.

Sincerely,

Louis W. Sullivan, M.D.

-DRAFT

PROPOSED SPEECH TO THE NATIONAL URBAN LEAGUE

I had the privilege of attending and addressing your convention three years ago, and it is a day I remember fondly. We spoke of fairness and opportunity, of fresh starts and new beginnings, of renewal and rebuilding.

It was a day to dream of what could be, but it was also a day in which my dreams were tempered with the reality of the world as it was.

You see, when I spoke to you in August of 1989, the world was still a dangerous place. There was still a Soviet Communist superpower. There was still a wall dividing Eastern Europe from Western Europe, undermining the security of our allies abroad. Nelson Mandela was still behind bars. There was still great tension and uncertainty in our world, not allowing us to relinquish our worries about the futures of our children and the fate of our planet.

But on that day in 1989, I could also see that we might very well have the opportunity to literally change the world. If we could bring to a close the Cold War that had dominated our last three decades, if we could end the nuclear threat that cast a perilous shadow over our lives, if we could close the book on the hostile Communist threat that necessitated the substantial buildup of our national defense, then that had to be my foremost priority.

On that day, ladies and gentlemen, when we came together to share our dreams, my greatest dream was for a world at peace, a world in which our children and grandchildren could grow up without the fear posed by superpower conflict and the possible use of nuclear weapons.

Today, we live in a world which has been greatly transformed from what it was three years ago. Today, there is no Soviet Union, no Communist threat. Today, there is no Berlin Wall, no major threat to the security of our European allies. Today, we live in peace and security and confidence -- confidence that the future is ours to shape as we wish.

Yes, we need to work to bring peace to the Middle East, to the Yugoslavian republics, and to South Africa. And, yes, we need to address the famine in the Horn of Africa and other sites where people are starving. But, today, there is only one global superpower, the USA, a superpower that finds itself on the verge of a very exciting, very promising, very challenging transition. We now have the opportunity to look within and to change America for the better.

When I made the forging of a new and peaceful world one of my top priorities, I knew that we were entering a process that had both international and domestic ramifications and that would take time, patience, planning and vision in order to fully develop. If we could somehow vastly diminish the threat to our national security, we would be able to devote more of our resources to rebuilding our nation -- rebuilding our cities, our schools, strengthening our health care systems, our families and our childrens' futures. We've done that. We've cleared the way, and now we're ready to build.

And I'll be very honest with you. That's why I'm running for re-election. I've completed the first half of the job, making it possible for us to focus our energies, our financial and intellectual resources on what needs fixing in this country. Now, I want to finish the work -- to bring opportunity and security and prosperity to those places where opportunity has been too scarce a commodity. That is my mission. That is our mission. And I'm not going to quit until that mission has been accomplished.

I am also not willing to turn that mission over to those who will return us to those days of double-digit inflation. This country's liberal leadership speaks eloquently and prolifically about compassion for our cities, compassion for the underprivileged, compassion for those who are without hope.

But they have had the opportunity to offer that hope and to translate their compassion into real change for the better, but they have chosen not to do so. The Democratic Party has controlled the Congress for almost all of the last 30 years and, despite all of the rhetoric, they have not yet been willing to change the tired old programs and policies that have generated dependency and stagnation and hopelessness in our cities and among so many of our citizens.

When offered new ideas and new directions, this Congress has rejected them. When offered opportunities to engage in a dialogue to develop ways to revitalize urban America, this Congress has shunned them. When handed legislation that can break the cycle of dependency and depression and despair in our cities, this Congress has turned its back and walked away.

They feel confident in turning away from change and hanging on to a discredited and destructive status quo because, frankly, they feel that they can take African-American votes for granted. The defenders of programs that foster dependency among underprivileged citizens will not accept change. They will not accept change because they don't want to lessen people's dependence upon them -- the self-proclaimed champions of government benevolence. They don't want to give up what they see as the keys to the kingdom of perpetual re-election.

Well, I believe that America can do better. I believe that, if we are to bring renewal to our cities and hope to those who have known only despair, we have to end the cynical gamesmanship that has been played for far too long. I know that you believe as I believe, that we have to move forward with a new agenda that promotes growth and independence and pride and opportunity. We overcame the Soviet Union and ended the terror that clouded our lives. Now, we must use the fruits of that victory to win the next, most important, war -- the war to revive our cities and to awaken the dynamic human spirit that lies within them.

I have sent to Congress over the course of the past year a series of sweeping, innovative proposals, legislation that represents genuine change and new hope and promise for millions of Americans. Now, I know that presidents are supposed to be above emotions like irritation and aggravation, but it gets me a little ticked off when I hear my opponents say that my administration doesn't have a domestic agenda. My comprehensive agenda has been offered to a Congress that has, thus far, been more interested in making political gains than in making legitimate gains for Americans in need.

There are 35 million Americans in this country who do not have health insurance, whose very lives are at risk because of their financial status. I have offered a health care reform package that offers guaranteed access to health insurance for all Americans, including the poor and the unemployed. It will control the outrageously-rising costs of health care. And it addresses the acute shortages of doctors and clinics in our inner cities by expanding funding for Community Health Centers, Migrant Health Centers and the National Health Service Corps. This proposal has not gotten the time of day from the Congress.

But that's not all. I've proposed critical education reforms. Polls show that over 80 percent of America's parents want to have more choice in their child's education. That's a feeling that crosses all demographic barriers -- racial, economic, urban, suburban and rural. Parents want a choice.

My reform package offers that choice, to give parents a greater say in where their child goes to school and to have their tax dollars follow their choice of school. We're not turning our backs on public schools. We're making our schools be more competitive, more aggressive in improving standards and improving the quality of the education we provide to our children. And in my education reform bill, we give greater flexibility and greater support to administrators and teachers to make their schools better. This education package has received no action from the Congress.

I have handed Congress urban revitalization legislation -- a series of proposals to bring greater investment into our cities, to entice businesses to move into urban areas through the use of enterprise zones, to fight the drugs and the violent crime that make our streets unsafe. Again, no action on Capitol Hill.

Yes, this has been frustrating. And, yet, it's a little hard to swallow criticism from the other party's ticket when one member of that ticket has been in the United States Senate for the past eight years and has not lifted a finger to move this agenda forward.

But there is nothing to gain by looking backward. I'm going to continue moving forward whether Congress comes with me or not. I'm going to keep pushing for better education for our children, particularly our children in urban areas. My fiscal year 1993 budget includes the largest funding increase for Head Start that has ever been proposed in the history of the program. Every eligible parent who wants to enroll a four-year-old child in Head Start will be able to do so.

I'm going to continue to work to revitalize our economy and to bring jobs to our cities. The Democratic Party wants to pursue a protectionist, isolationist agenda. They talk about keeping jobs at home. But their policies would only eliminate jobs at home. It is a fact that every one billion dollars in American exports creates 20,000 new American jobs. By ending the Cold War, we have created a new, dynamic global economy, and I am determined that we will take advantage of this new era and create new industries, new businesses and new jobs in America.

And I'm going to continue to work to strengthen America's families. Our opponents get a big laugh when we talk about family values. They deride us and scorn us and call such talk naive and patronizing.

But they are the ones who just don't get it. When I talk about family values, I'm talking about issues that are critical to all of us, but that strike especially hard in the African-American community.

The growing number of families without fathers is a very real crisis in this country. Some 60 percent of today's children in America will spend at least part of their childhood living in a fatherless family. Children living in families without fathers are five times more likely to be poor than their two-parent counterparts. Approximately 70 percent of juveniles in long-term correctional facilities did not have a father present in the home while they were growing up.

Some of the great unsung heroes of this country are the courageous and loving single parents who provide financially for their children and give them time, guidance, and attention. They deserve our respect and our admiration.

But we must devote our concern and attention to the other side of that picture. Minority males are today underrepresented in schools and over-represented in prisons and probation programs. Minority males are, more than any other segment of our population, economically disenfranchised and socially disenfranchised. This is not an issue that will be solved by hand-wringing. It is not an issue that will be solved by moral posturing and lecturing. And it is certainly not an issue that will be solved by partisan finger-pointing.

We've got to address this crisis in order to break the destructive cycle. We need to build stronger families, families that can raise their children well and start an entire new generational cycle of pride, self-respect and independence.

Under Secretary Louis Sullivan's guidance at the Department of Health and Human Services, we have launched a Minority Male Initiative -- an initiative that recognizes the fact that African-American, Hispanic, Native-American and Asian-American males suffer disproportionately from poverty, substandard education and lack of job training and opportunities. We will spend over \$100 million on this Initiative in the coming year to fund programs and projects in health promotion, training, employment and income security for families. We will fund programs to prevent and treat violence, substance abuse and the spread of AIDS.

Our goal is to foster training and economic independence, enhance and strengthen families, and build stronger communities. That's what I mean when I talk about family values. And this is an agenda that will continue to receive my full commitment.

While I'm on the subject of values, let me say a word or two about the state of race relations in this country.

When I served in the Navy during World War II, I learned a lot about depending on people. When you're in battle and literally fighting for your life and not knowing whether you're going to see the next day, you are dependent upon the people beside you -- the people fighting for the same cause, against the same common enemy.

And you don't care whether that person beside you is white or black or hispanic or asian or native American. It just doesn't matter. All that matters is that you need each other in order to survive and to fight again another day.

Well, it's not all that different today. We're in a fight against common enemies -- poverty, illiteracy, crime, broken families. These aren't white problems or black problems or hispanic problems. These are our problems, our enemies, and we've got to work together to solve them because it's our country and our children's futures that are at stake.

Racial hatred has no place in this country, no place whatsoever, no time, nowhere. We are together in this fight, and we're not going to let extremists and hate-mongers push us apart.

My friends, I'm excited about the years to come. We have the opportunity, in this world that we've created, to turn our attention and our resources to the challenges that exist within our own borders. There are three keys to our eventual success.

First, we've got to maintain a calm, conflict-free world, and that requires a President with experience, not someone who will be taking on-the-job training.

Second, we've got to have an agenda, a dynamic, achievable plan for the rebuilding of American cities and the strengthening of American families. I have offered that plan.

And, finally, we've got to come together to make it happen. There will be a new Congress in place next year, and it appears that there may be a record number of new members in it which will provide an excellent opportunity for new beginnings. I want to work with that new Congress and I want to work with you in bringing about real change and a new direction for America. The challenges before us are great, but our resolve and our determination and our collective spirit are even greater. Thank you and God bless you.

CLAYTON YEUTTER

DCF HAS SEEN

THE CHIEF of STAFF
has seen

Jul. 17, 1992

To Fred Malek

Fred, here's a good soldier in the Chicago business community--and a very influential business rep. nationwide. You might want to use him if you can between now and November.

cc S. Skinner

Amoco chief knocks Perot.

Don't count H. Laurence Fuller, chairman and president of Amoco Corp., among Ross Perot's supporters.

Appearing Tuesday before the Rotary Club of Chicago, Fuller used the fact that he was speaking on Bastille Day to recall that the historic event it commemorates spawned a "man on horseback" named Napoleon.

"Today there is not as yet a man on horseback," Fuller said, but he added that "the head of a computer company" is showing signs he would like to become "a man on a horse." Perot heads a Texas-based computer-services firm and founded Electronic Data Systems, now part of General Motors Corp.

Fuller delivered another slap at Perot later in his speech. Fuller said he favored a proposed free-trade zone made up of the U.S., Canada and Mexico. "Candidate Perot" has spoken against it, Fuller noted, while "Candidate Clinton now apparently supports it and Candidate Bush is wholeheartedly behind it."

A footnote: Fuller nostalgically recalled that he once was the manager of an Amoco refinery in Casper, Wyo. After his talk, he confirmed that the refinery is one of the operations that will be shut down under a cost-cutting plan he announced last week.

Chicago Tribune, Wednesday, July 15, 1992 Section 3 3

Amoco urges oil link with Latin America

By John N. Maclean

Amoco Corp. Chairman H. Laurence Fuller, whose company has been increasing its ties with Mexico and Venezuela, said Tuesday the U.S. should develop a formal energy alliance with Latin America as part of the pending North American Free Trade Agreement.

Such an alliance, he said, would diminish the importance of the Middle East as a source for petroleum "so that no one part of the world could hold us hostage."

A principal feature of such an alliance, he said, should be an assurance by Mexico and Venezuela that energy supplies would not be cut off "in case of domestic social upheaval." A similar provision is part of the U.S.-Canada free-trade pact.

Speaking before a Rotary Club luncheon at the Chicago Athletic Club, Fuller said the North American trade agreement, which has become bogged down in politics as well as substantive disagreements, "is simply too important to make a hostage in political campaigning."

"If President Bush is re-elected, it would be fitting to have [the free-trade agreement] pass the Senate early in his second administration," Fuller said. Fuller, in a near-endorsement of Bush, noted that Ross Perot opposes the agreement and that Bill Clinton "apparently

supports it," while Hink "is wholeheartedly behind it."

Negotiations on free-trade continue in Washington, with the Bush administration apparently pressing to have a draft treaty before the November election. As part of the effort, Bush met Tuesday with Mexican President Carlos Salinas de Gortari in San Diego.

It remains uncertain whether an agreement can be achieved, and whether it would be offered to the current Congress. Under a "fast-track" agreement that is in place, Congress would have 90 days to vote such a treaty up or down without changes.

Fuller said talks between Amoco and the Mexican government continue "on subjects of mutual technological interest."

"In our relations with Mexico, we see the promise of exciting new opportunities and possibilities in this hemisphere that have never been fully explored," he said.

Fuller noted that Mexico nationalized its oil industry in the year of his birth, 1938. Venezuela nationalized its oil industry in 1976, but in the past year has invited Western oil companies into the country.

On Monday, Amoco announced an agreement to work with two Venezuelan companies to build a major chemical plant to make the raw material of polyester fiber.

THE CHIEF of STAFF
has seen

CLAYTON YEUTTER

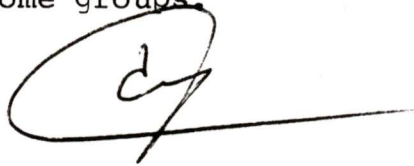
DCF HAS SEEN

Jul. 17, 1992

fill

To Bob Teeter

Bob, Roger Porter says that Pete is eager to help out on the campaign if you can use him. He might work well with some groups.



cc S. Skinner

THE WHITE HOUSE

WASHINGTON

July 14, 1992

MEMORANDUM FOR CLAYTON YEUTTER

FROM: ROGER B. PORTER *RBP*
SUBJECT: Pete du Pont and Ross Perot

Last Tuesday's Washington Post carried an op-ed piece by Pete du Pont entitled "Conservatives: Beware Perot" that correctly identifies Ross Perot as much more interventionist than market oriented in his economic thinking. A copy is attached. It is worth reading if you missed it.

I called du Pont to congratulate him on the piece. During the course of our conversation he made the following observations:

1. He thinks Al Gore is a good selection for Clinton, although he doubts Gore will have much effect on the outcome.
2. He thinks Ross Perot will split the liberal vote, as his views and ideas get a more thorough airing.
3. He strongly supports the President and is feeling reasonably confident about the outcome.
4. Not least, he concluded: "When I can help, let me know."

Pete du Pont still has a strong following among many conservative Republicans and can be an asset in solidifying support in our base.

Attachment

Conservatives: Beware Perot

By Pete du Pont

A WILMINGTON, Del. s a conservative who has watched low taxes and restrained Government spending and interference create the world's strongest economy, and who sought the Presidency on these principles in 1988, I urge fellow conservatives to be wary of Ross Perot's candidacy.

Pete du Pont, Governor of Delaware from 1977 to 1985, is chairman of the Committee for Republican Leadership.

I understand why Mr. Perot is receiving such attention. The Bush Administration has given most voters, those who helped the Republicans to three landslide victories in the 1980's, the impression that the principles that fueled those triumphs are open to negotiation and easy dismissal.

While conservatives may not see President Bush as the most diligent protector of Ronald Reagan's legacy, I support him for re-election because he understands the policies that made the 1980's prosperous and his goal is to re-create that prosperity. Conversely, Mr. Perot has joined the noisy anti-Reagan minority that sees the 1980's as a problem to be overcome rather than a model to be studied.

He's a fan of Big Government.

Let's take four examples of Mr. Perot's economic thinking: industrial policy, taxation, trade and his analysis of the dairy industry.

First, Mr. Perot favors an industrial policy. He wants the Government to be able to tell the private sector how to plan its future. He denies that he holds this position, but his denial is implausible given his expressions of admiration for Japan's industrial-

policy power base, the Ministry of Trade and Industry — a Government cartel that runs the country's economy. America does not need government cartels telling us what to do.

Second, he is a protectionist. USA Today reported that Mr. Perot "wants to tighten quotas and restrictions on imported goods to match those placed on American goods by other countries." He opposes the North American Free Trade Agreement, suggesting that the agreement with Mexico would virtually destroy every employer in America. But we know that trade increases the wealth of both the importer and exporter; we know that free trade increases, not decreases, our prosperity. We need more free trade agreements, not fewer.

Third, Mr. Perot will raise taxes. "You bet we've got to raise taxes," he said in 1987. Last week on ABC's "Town Meeting" he added: "Let's assume that we're just unable to pay our bills, unable to meet our obligations, we have to raise our taxes." But then again he says he wants the voters to be able to pass a tax increase by plebiscite, never mind that the Constitution gives that power to Congress. Surely, national tax referendums would be the chaotic prelude to annual debates on "deficit-reducing" taxes — all to be imposed on someone else, of course.

Finally, there is Mr. Perot's curious yet significant answer to a caller on NBC's "Today" last month who inquired about his plans to help dairy farmers. Mr. Perot began by restating the proposition that dairy farmers are a beleaguered lot. The fact is that the average net cash income of a commercial dairy farm in 1990 was \$83,000. He then went on to claim that the farmers have no clout in Washington. That must have stunned even the dairy farmers, who in the 1991-1992 election cycle have contributed more than \$1.5 million to their political-action committees — among the richest and most influential of them all, and who have seen beneficial farm bills routinely enacted.

But it is the philosophy behind the words that should scare conservatives. Regardless of the dearth of factual understanding in his answers, Mr. Perot betrayed the way he thinks. When asked to comment on the economic status of one sector of the U.S. economy, his assumption was that it was flat on its back and, worse, that the way to get it on its feet was to tell it to get some clout and go to Washington. That is a Big Government formula that should give pause to every American. But it should terrify any self-respecting conservative. □

THE PRESIDENT'S COPY

Document Originally
Attached to
Following Page



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER



OFFICE OF THE SENATE REPUBLICAN LEADER
PRESS OFFICE
FACSIMILE COVER SHEET

DATE: 7/20

TIME: _____

TO: SAM SKINNERFROM: BOB DOLE

RE: _____

2 PAGES FOLLOW THIS COVER SHEETDELIVERY: ☐ URGENT - DELIVER TO ADDRESSEE IMMEDIATELY☐ PLEASE DELIVER TO ADDRESSEE A.S.A.P.

COMMENTS:

SENT BY: _____

(PRESS OFFICE-SENATE REPUBLICAN LEADER)

(TELEPHONE: 202/224-5358 FACSIMILE: 202/224/3163)

DCF HAS SEEN

SHOWED
POTUS

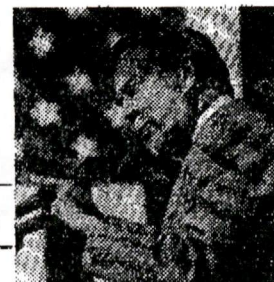


NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER



FOR IMMEDIATE RELEASE
JULY 20, 1992

CONTACT: WALT RIKER
(202) 224-5358

CLINTON/GORE = LIBERAL

CAMPAIGN MAKEOVER DOESN'T CHANGE FACTS;

Clinton/Gore IS "Clinton/MORE":

MORE TAXES, MORE SPENDING, MORE FAILED LIBERALISM

YOU CAN TELL BY THE LATEST PRESIDENTIAL POLLS THAT THE DEMOCRATIC PARTY HAD A VERY SUCCESSFUL CONVENTION IN NEW YORK CITY. I WANT TO CONGRATULATE THE PARTY LEADERS FOR THEIR HARD WORK -- IT OBVIOUSLY HAS PAID OFF.

I WATCHED ALMOST EVERY MINUTE OF THE CONVENTION: THERE WAS GENUINE EXCITEMENT, AND SOME GOOD SPEECHES -- ALL IN ALL, IT WAS GOOD TELEVISION.

I ALSO WANT TO CONGRATULATE MY COLLEAGUE AL GORE, WHO ALSO HAD A PRETTY GOOD CONVENTION. HE LOOKS LIKE A GOOD PICK FOR BILL CLINTON. SENATOR GORE AND I DIFFER ON ALMOST EVERY ISSUE, BUT I DO RESPECT HIM AND WISH HIM WELL. HE'LL BE A TOUGH CAMPAIGNER.

"GOOD TV" DOESN'T MEAN "GOOD" FOR AMERICA

NOW, I DID SAY THAT THE DEMOCRATS' CONVENTION WAS SUCCESSFUL -- SUCCESSFUL FOR THE DEMOCRATIC PARTY, YES.

BUT GOOD TELEVISION, GOOD THEATER AND GOOD RHETORIC DON'T HAVE ANYTHING TO DO WITH GOOD POLICY, OR WHAT'S GOOD FOR AMERICA. SO, DESPITE ALL THE HYPE COMING OUT OF MADISON SQUARE GARDEN LAST WEEK, THE BASIC DEMOCRATIC PRODUCT HASN'T CHANGED AT ALL, UNLESS YOU FELL HOOK, LINE AND SINKER FOR BILL CLINTON'S WEEK-LONG CAMPAIGN AD.

UNFORTUNATELY, MANY REPORTERS ALREADY HAVE, AS THEY GUSH AND SWOON OVER HOW "MODERATE", "CENTRIST" AND EVEN "CONSERVATIVE" THE CLINTON/GORE TICKET IS. IN FACT, IT LOOKS LIKE SOME REPORTERS HAVE BECOME EAGER ACCOMPLICES, SOUNDING MORE LIKE CLINTON/GORE SPIN DOCTORS THAN OBJECTIVE JOURNALISTS.

LIBERAL MAKEOVERS

WELL, DESPITE ALL THE MEDIA-APPROVED "MAKEOVERS" AT THE DEMOCRATIC CONVENTION, THE CLINTON/GORE TICKET IS STILL A LIBERAL TICKET -- A VERY LIBERAL TICKET.

IT'S A LIBERAL TICKET THAT WILL COST WORKING AMERICA DEARLY, WITH BILLIONS AND BILLIONS OF DOLLARS IN NEW TAXES, WILD SPENDING AND THE BIGGEST GOVERNMENT THE TAXPAYERS' MONEY CAN BUY.

NOW, I UNDERSTAND WHY THE DEMOCRATIC PARTY WAS SO EAGER TO SHED ITS IMAGE OF LIBERALISM, TO LOOK AND SOUND MORE LIKE MAINSTREAM AMERICA FOR A CHANGE.

THAT'S WHY THE DEMOCRATS TURNED MADISON SQUARE GARDEN INTO A GIANT REPAIR SHOP WHERE OLD, BROKEN-DOWN LIBERALS BECAME SHINY NEW "MODERATES," AND WHERE A TIRED OLD AGENDA BECAME A FRESH "NEW COVENANT."

BUT ALL THE BODY WORK AND ALL THE MAKE-UP IN THE WORLD CAN'T CONCEAL A VOTING RECORD, UNLESS, LIKE SOME IN THE MEDIA, VOTING RECORDS ARE ALREADY OFF LIMITS.

Clinton/MORE = MORE TAXES, MORE SPENDING

LET'S FACE IT, CLINTON/GORE IS REALLY CLINTON/MORE: MORE TAXES, MORE SPENDING, MORE GOVERNMENT AND MORE OF THE FAILED LIBERAL AGENDA THE

AMERICAN PEOPLE HAVE REJECTED BY LANDSLIDE AFTER LANDSLIDE.

BILL CLINTON CALLS FOR TAX INCREASES TWICE AS BIG AS THOSE PROPOSED BY MONDALE AND DUKAKIS COMBINED. AND CLINTON BACKS FEDERAL SPENDING INCREASES THREE TIMES AS LARGE AS THOSE PROPOSED BY MONDALE AND DUKAKIS COMBINED.

GOVERNOR CLINTON CALLS HIS OWN BUDGET PROPOSAL "PUTTING PEOPLE FIRST," BUT IT LOOKS MORE LIKE PUTTING PEOPLE ON THE UNEMPLOYMENT LINE. THE CLINTON PLAN WOULD JACK UP TAXES \$150 BILLION IN FOUR YEARS AND BOOST SPENDING BY \$220 BILLION. NOW, GOVERNOR CLINTON AND HIS HANDLERS WILL TELL YOU THAT THEIR TAXES ARE AIMED AT THE "FAT CATS" ON WALL STREET, BUT THEY'RE REALLY HITTING THE LITTLE GUY ON MAIN STREET. YOU SEE, THE CLINTON TAX PLAN MANDATES NEARLY \$70 BILLION IN NEW PAYROLL AND EMPLOYER TAXES ON SMALL AND MEDIUM SIZE BUSINESS TO FUND EXTRAVAGANT SPENDING PROGRAMS. REPORTEDLY, HIS NEW TAXES AND RADICAL DEFENSE CUTS WOULD COST WORKING AND EARNING AMERICA TWO AND A HALF MILLION JOBS.

GUTTING DEFENSE, OR "HONEY I SHRUNK THE DEFICIT"

AS FOR SPENDING CUTS, GOVERNOR CLINTON HAS SPECIFICALLY TARGETED ONLY TWO PROGRAMS OUT OF 1,800 GOVERNMENT ACCOUNTS -- THE PENTAGON, WHICH IS ALREADY BEING SENSIBLY DOWNSIZED, AND THE HONEY BEE PROGRAM. IN A STILL UNCERTAIN WORLD, GOVERNOR CLINTON WOULD GUT NATIONAL DEFENSE BY NEARLY \$60 BILLION -- THAT'S ON TOP OF THE \$50 BILLION IN DEFENSE SAVINGS ALREADY PROPOSED BY PRESIDENT BUSH, AND ABOVE WHAT THE DEMOCRAT CHAIRMEN OF THE SENATE AND HOUSE ARMED SERVICES COMMITTEES SAY THEY CAN SUPPORT.

AND ASK THE MORE THAN 1 MILLION SERVICE MEN AND WOMEN AND DEFENSE WORKERS WHO WOULD BE THROWN OUT ON THE STREET BY THESE RADICAL CUTS, AND THEY'LL TELL YOU GUTTING -- NOT CUTTING -- DEFENSE HARDLY "PUTS PEOPLE FIRST."

GOVERNOR CLINTON EVEN PROPOSES TO SAVE \$10 BILLION DOLLARS WITH THE LINE-ITEM VETO! I'M ALL FOR THE LINE-ITEM VETO -- IT'S TOO BAD GOVERNOR CLINTON'S ALLIES IN CONGRESS, AND HIS OWN RUNNING MATE, AREN'T. GOVERNOR CLINTON MUST BE ASSUMING THAT THE AMERICAN PEOPLE WILL ELECT REPUBLICAN MAJORITIES IN BOTH HOUSES OF CONGRESS, REPUBLICAN MAJORITIES THAT ARE DEDICATED TO DEFICIT FIGHTING TOOLS LIKE THE LINE-ITEM VETO AND THE BALANCED BUDGET AMENDMENT.

MORE TAXES, MORE SPENDING AND FEWER JOBS DON'T SOUND LIKE "PUTTING PEOPLE FIRST" -- IT ALL SOUNDS LIKE PUTTING AMERICA DOWN.

THE CLINTON ROAD MAP: HANG A BIG LEFT

THE BOTTOM LINE IS, BILL CLINTON WANTS THE AMERICAN PEOPLE TO BELIEVE THAT HE IS DRIVING THEM DOWN THE MIDDLE-OF-THE-ROAD. BUT LOOK AT HIS MAP -- THE DEMOCRATIC PLATFORM -- AND THE AMERICAN PEOPLE WILL SEE THERE'S A SHARP TURN TO THE LEFT COMING.

IT'S THE SAME OLD LEFT TURN TO ITS TRADITIONAL LEFTWING, OUT-OF-TOUCH, SPECIAL INTEREST AGENDA: IT'S ANTI-BUSINESS, ANTI-FAMILY, ANTI-DEFENSE, ANTI-JOBS, ANTI-GROWTH AND.....ANTI-SUCCESS.

THAT'S WHY THE DEMOCRATIC DELEGATES SOUNDLY DEFEATED THE PRO-BUSINESS, PRO-GROWTH PLANKS FORWARDED BY PAUL TSONGAS SUPPORTERS, PLANKS DESCRIBED BY THE NEW YORK TIMES AS "MINORITY PLANKS". THE BOTTOMLINE IS STILL THE SAME: IF IT ISN'T LIBERAL, FORGET IT.

BUT DON'T TAKE MY WORD. LISTEN TO OUR FORMER COLLEAGUE GEORGE MCGOVERN, A DEDICATED LIBERAL WHO KNOWS ONE WHEN HE SEES ONE, AND THIS IS HOW HE SEES CLINTON/GORE: "I HAVE A HUNCH THEY ARE MUCH MORE LIBERAL UNDERNEATH, AND THEY WILL PROVE IT ONCE THEY ARE ELECTED."

THE SO-CALLED "MODERATE" VOTING RECORD

NOW, THE MEDIA CAN LABEL THE DEMOCRAT TICKET "MODERATE," AND THEN THEY CAN LOOK AT THE RECORD.

WHILE THE MODERATES WERE VOTING YES, BILL CLINTON'S RUNNING MATE WAS VOTING AGAINST THE REAGAN BUDGET CUTS, THE REAGAN TAX CUTS, THE BALANCED BUDGET AMENDMENT, THE LINE-ITEM VETO, THE CAPITAL GAINS TAX CUT, ENTITLEMENT SPENDING CAPS AND CUTTING THE SEAWOLF SUBMARINE.

WHILE THE MODERATES WERE VOTING YES, BILL CLINTON'S RUNNING MATE WAS VOTING AGAINST TOUGH ANTI-CRIME MEASURES SUCH AS HABEAS CORPUS REFORM AND EXCLUSIONARY RULE REFORM.

WHILE THE MODERATES WERE VOTING YES, BILL CLINTON'S RUNNING MATE WAS VOTING AGAINST EDUCATION CHOICE, WORKFARE, THE FLAG AMENDMENT, SCHOOL PRAYER, AIDS NOTIFICATION BY INFECTED DOCTORS, AND CONSIDERATION OF THE NATIONAL ENERGY POLICY.

AND, WHILE THE LIBERALS WERE VOTING YES, BILL CLINTON'S RUNNING MATE WAS RIGHT THERE, TOO, VOTING FOR THE DEMOCRATS' TAX INCREASE BILL, THE DEMOCRATS' QUOTA BILL, TAXPAYER CAMPAIGN FUNDING, AND PELL GRANTS TO PRISONERS.

GET THE FACTS, NOT THE FAKES

SO, IF YOU LOOK AT THE RECORDS OF THE DEMOCRAT TICKET, THEY HAVE ALREADY PROVED THEIR FIRST-CLASS LIBERAL CREDENTIALS.

NOTHING WRONG WITH THAT, SO LONG AS YOU STAND BY THAT VOTING RECORD, NOT RUN FROM IT WHEN IT'S TIME TO GET ELECTED. SO LET'S HAVE A LITTLE

TRUTH IN ADVERTISING. LET'S HAVE A VIGOROUS DEBATE ON THE ISSUES AND THEN
LET THE AMERICAN PEOPLE DECIDE. BUT LET'S MAKE CERTAIN THEY HAVE THE
FACTS, NOT THE FAKES.

###

DOE HAS SEEN



United States Department of State

Washington, D.C. 20520

July 20, 1992

File

The Honorable
Samuel K. Skinner
Chief of Staff
The White House
Washington, D.C.

Dear Sam:

The dust is just beginning to settle here at the State Department and I am finally getting around to answering mail.

Your kind words on my appointment as Deputy Assistant Secretary of State are much appreciated. I will remember them as I face the many challenges ahead.

It was an honor and a privilege to have worked with you at the White House, and one I will never forget. If there is anything I can ever do for you, please do not hesitate to call me at 736-4331.

Wishing you all the best, and I hope our paths will cross again in the future.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sichan Siv", with a long horizontal flourish extending to the right.

Sichan Siv
Deputy Assistant Secretary of State

1992

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: Jul. 20, 1992

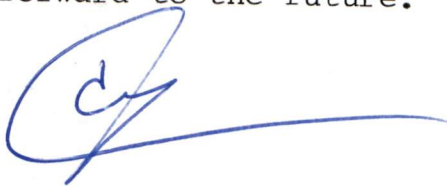
TO: S. Skinner

SHOW 
ROTUS

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

FYI. Apparently the session turned out well, and they were able to get beyond rhetoric to some action commitments.

I'm told that the rebelliousness on the American side reached the Japanese ahead of the meeting, and that really stirred up a desire to get things back on track. Hopefully this new found attitude will carry forward to the future!



A:close.jm
final

CLOSING REMARKS

JOHN MAROUS
CHAIRMAN, U.S.-JAPAN BUSINESS COUNCIL
and
EISHIRO SAITO
CHAIRMAN, JAPAN-U.S. BUSINESS COUNCIL
29th Annual Japan-U.S. Business Conference
Second Plenary Session
July 14, 1992

The U.S.-Japan Business Council and the Japan-U.S. Business Council reaffirm their February 1992 Joint Resolutions calling for an Import Vision for Japan and an Export Vision for the United States. A constructive dialogue was held over the past two days, based on the Joint Resolutions.

The U.S.-Japan Business Council and the Japan-U.S. Business Council recognize the need to address important market access areas that threaten to disrupt the U.S.-Japan economic relationship.

To further accelerate the overall process to increase market access, Mr. Saito and I, on behalf of our respective Councils, endorse the following approach.

- (1) We have agreed on a mechanism (i.e. principals' task force) for addressing areas of problems where no better mechanism exists, and we will establish joint task forces from time to time.

- (2) We have, at this conference, initially established a services task force at the principal's level. *(Robinson/Guenther)*
- (3) Over the next several months we will consider establishing additional task forces, including, for example, government procurement and foreign direct investment.
- (4) We will monitor, through regular reporting, existing mechanisms and whether progress is adequate, to determine additional mechanisms or actions needed to ensure progress.
- (5) In short, the Councils will serve as a catalyst for meaningful change.
- The Environmental Working Group will continue to meet in an effort to identify specific environmental issues which can be effectively addressed by both Councils.
 - In keeping with the Export Vision resolution, the Export Symposium will be held October 19, 1992, in Washington, D.C. Secretary of Commerce Barbara Franklin has pledged the Commerce Department's full support and cooperation.

- **Global Issues:** The Councils believe that successful completion of General Agreement on Tariffs and Trade (GATT) negotiations is critical to enhance the U.S.-Japan relationship and foster world development, and that in the absence of a viable GATT, regional trade agreements will gradually lose the discipline which has insured their functioning as trade expansive and not trade restrictive forces.

SHOW
POTUS

July 21, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: CRAIG L. FULLER

SUBJECT: Convention -- Temporary Chairman

As mentioned briefly last night, there is consensus about selecting Kay Bailey Hutchinson as the Temporary Chairman for the Republican Convention.

Rich Bond will be in Texas later this week and we believe that it would be highly desirable to let him make the announcement that she will serve as the Temporary Chairman.

While this is not one of the featured prime time speakers we indicated you might wish to call, I thought because of Kay's Texas roots you might like to make the call. If you want us to advise her, we will do so.

Your guidance please:

☒ *called - She is willing to do it!*
I ~~will~~ call (Recommended phone call memo attached)

☒ *Follow up and call her*
Have Rich Bond ~~tell her~~

7-22-92

July 21, 1992

RECOMMENDED TELEPHONE CALL FOR THE PRESIDENT

FROM: CRAIG L. FULLER

Suggest Call to: Kay Bailey Hutchinson
(512) 463-5935

1. Background

The Temporary Chairman of the Republican Convention is appointed by the RNC and receives considerable coverage during the early sessions as the individual at the podium with the gavel.

Kay, as the highest ranking Republican official in Texas, is the recommended choice concurred in by Rich Bond, Bob Teeter and Sam Skinner.

Rich Bond is traveling through Texas later this week and we believe that his making the announcement with Kay in one or more cities would produce favorable press and begin to build interest in the convention.

2. Talking Points

-- I would like to ask a special favor.

-- One of the important roles at the Convention is to wield the gavel...this comes with some significant visibility during the early sessions.

-- Rich Bond and the others agree with me that you would do a superb job.

-- After everything else you have done to support the Bush's, this is one assignment that I hope you could enjoy -- you've certainly earned it!

-- If you agree, I'd like to have you hold off telling anyone and workout an announcement for later this week with Rich Bond. He is going to be in Texas and would enjoy having you join him for a little ceremony with the press.

-- I will see to it that Rich is in touch with you very shortly.

3. Follow-up Actions:

cc: R.Bond
F.Malek
S.Skinner
R.Teeter



THE SECRETARY OF THE TREASURY
WASHINGTON

su v/r

July 22, 1992

File

MEMORANDUM FOR SAMUEL SKINNER
CHIEF OF STAFF

FROM: Nicholas F. Brady *NFB*

SUBJECT: RTC Funding

I continue to believe that we need to urge Congress to provide additional funding for the RTC. The sooner we get this issue behind us, the better, and we may have a legislative opportunity in this period before the convention.

Attached is a draft letter from the President to the House leadership urging action. I think this should be sent no later than Monday of next week. Let's discuss as soon as possible.

Attachment

cc: Clayton Yeutter
Nick Calio

DRAFT

Dear Foley/Michel:

I strongly urge you to provide additional funding to the Resolution Trust Corporation (RTC) to protect federally insured depositors. The government's commitment to these depositors is ironclad.

For the last three years, we have worked together to protect these depositors. My Administration and Congress established the legislative blueprint in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and since then, the RTC has implemented that law.

The savings and loan cleanup has not been popular -- except with the millions of depositors whose savings have been protected -- but it has been necessary to carry out the government's promise of deposit insurance. And it has worked. Thanks to our joint effort we have:

- o Protected over 22 million depositors' accounts, with average balances of less than \$10,000;
- o Seized over 700 insolvent thrifts, resolving 90 percent of them and disposing of \$279 billion in assets;
- o Brought nearly 1,200 criminal actions against individuals -- resulting in over 900 convictions -- and approximately 2,000 civil actions that have resulted in millions of dollars of recovery by the government; and
- o Restored the private sector thrift industry to health and profitability.

But now, as you know, the RTC can no longer close or sell failed savings and loans without additional funding. Time in this legislative session is growing short. The current failure to provide funding has already cost the taxpayer over \$600 million and is costing an additional \$4-6 million each day. The American taxpayer should not be burdened with the costs of this delay. I urge you to act promptly.

Sincerely,

George Bush

July 21, 1992

MEMORANDUM FOR FRED MALEK

FROM: SAM SKINNER

SUBJECT: ATTACHED ARTICLE

Please have someone prepare a short memo I can show the President about Bush/Quayle use of technology discussed in the enclosed newspaper article.

Thank you.

Clinton Campaign Uses Technology to Bypass Traditional News Outlets, Reach Voters Directly

By TIMOTHY NOAH

Staff Reporter of THE WALL STREET JOURNAL
 NEW YORK — Meet the New Age technopol.

A barefoot Jeff Eller sits at his computer screen, looking at an electronic-mail message from a potential Bill Clinton voter. "I need your advice," reads the message from one Ron F. Ward. "I've seen you on T.V. I've read your Econ. plan. . . I'm worried you just haven't sold me yet I'm almost there."

Mr. Eller types a response thanking Mr. Ward for his support and urging him to watch the TV convention coverage on C-SPAN and the Public Broadcasting Service. While he taps away, he hums the Beatles' "Ob-La-Di, Ob-La-Da."

Mr. Eller is a Clinton campaign press spokesman, and he is still taking phone calls from big-city newspaper and network TV reporters. But watching him at work at this week's Democratic convention shows how the campaign is using new technologies to bypass traditional news outlets whenever possible — a detour that's especially valuable in an election year when mainstream reporters have battered Gov. Clinton with questions about his character.

The proliferation of alternative communications technologies, combined with the blow dealt to TV, radio and print news budgets by the recession, has diminished the role of the reporters who actually show up for events such as this week's Democratic convention. Instead, political news is increasingly being disseminated by such remote-control methods as satellites, 800

numbers, broadcast faxes and computer networks. Independent candidate Ross Perot, who abruptly left the campaign yesterday, put many of these technologies on the table, and Mr. Eller and the Democrats now are poised to exploit them.

"The advantages are that you can take your message directly to the people in a more unfiltered form, as opposed to bits and pieces and 30-second sound bites," explains Mr. Eller.

The 36-year-old Mr. Eller, who favors chinos and sneakers rather than suits and ties, may resemble his forerunners in the campaign press business. Like them, he chomps stogies and sasses reporters.

But the cigar is usually unlit as he paces the smoke-free Clinton headquarters at New York's Intercontinental Hotel. And when a cigar isn't at hand, he chews on cable ties. "For computers," he explains, pointing to the black-plastic twist-ties that grip the thick cables trailing from his word processor.

More important, his job is far different from his predecessors'. An example is the campaign's use of a satellite service, run out of Madison Square Garden this week by the Democratic National Committee, to allow local news anchors to interview Clinton childhood friends who testify that the candidate has strong character.

"We never smoked, did drugs, or any of those things," said office-copier salesman David Leopoulos in one such broadcast Tuesday night. Posed before a red, white and blue '92 logo, Mr. Leopoulos assured a distant, unseen interviewer from KTGF in Great Falls, Mont., that despite his success Gov. Clinton has retained solid middle-class values. "We're still best friends, he still calls," said Mr. Leopoulos.

The satellite feeds, which cost on average \$150 to \$200 per five-minute transmission, are paid for by the Democratic committee, though a handful of scrupulous stations insist on paying the bill themselves.

Meanwhile, Mr. Eller is also feeding radio "actualities," or recorded sound bites, into an 800 number that radio stations around the country can call. The stations get snippets of speeches and "interviews" conducted by Clinton radio coordinator Richard Strauss. Mr. Strauss, who constantly has a tape recorder at his side and is known at Clinton headquarters as Radio Free Strauss, cites as an example a sound bite he collected from Colorado Rep. Pat Schroeder, whom he encountered walking to Madison Square Garden one morning. He promptly called Colorado radio station KOA and fed it to them. "They were really pleased to have something," he said.

will function for the duration of the campaign. "Press 1 to hear actualities from Gov. Clinton. Press 2 to hear actualities from Sen. Gore. Press 3 to hear actualities from other people from the Democratic National convention."

Depending on the button pressed yesterday, a caller could hear Mr. Clinton addressing a women's caucus; vice presidential nominee Al Gore addressing the New York chapter of the League of Conservation Voters; Hillary Clinton addressing the Massachusetts delegates; Sen. Bill Bradley saying middle class Americans "want change"; or Jesse Jackson Jr. pointing out that his father had referred to Bill Clinton in his convention speech as "President Clinton," which constituted a "very solid endorsement."

In addition, says Mr. Eller, the campaign has put certain Clinton speeches out over phone lines to radio stations and reporters in "real time," or as they're occurring. Mr. Eller says he's now trying to find a way to routinely put real-time speeches onto the 800 number for anyone who wants to hear them. And envisioning a sort of voice-mail democracy, Mr. Eller says he hopes to soon give voters a chance to respond immediately to Clinton campaign speeches by leaving a recorded message on the 800 line.

Mr. Eller and the Democrats here are exploring new frontiers. In addition to using computer bulletin boards to communicate directly with individual voters, Mr. Eller is employing them to disseminate news releases, speeches and policy papers. By early this week, the item most widely read by subscribers to CompuServe was a campaign-produced Clinton biography, called up by 238 people. The least-read was a Clinton statement on "violence in South Africa," called up by three.

One thing that hasn't changed in this new epoch of media spin is the emphasis on getting out the candidate's version of his message. "I've got the message talking points for today," said Mr. Eller at one early-morning meeting of the Clinton press staff this week, standing atop a chair and waving a sheet headed "The Conventional Wisdom." "Zell Miller's speech was one of the highlights" of the previous evening, he instructed his young followers.

Next, Dee Dee Myers, a spokeswoman who travels with Mr. Clinton, explained how to "spin" reporters who call in asking about a CBS News broadcast from the previous evening. The CBS report attacked efforts by Floyd Brown, a Republican dirty-tricks operative who claims independence from the Bush campaign, to smear Mr. Clinton with an unverified and implausible new accusation of adultery.



Jeff Eller

*SHOWN
POIUS*

*Sam - please pass this on
to the President!*
*JK advised
Kemp's
eye-
gone!*

KEMP CHALLENGES CLINTON'S ECONOMIC PLAN

WASHINGTON, D.C. -- At a news conference today, Secretary of Housing and Urban Development Jack Kemp challenged Bill Clinton's economic plan, saying "notwithstanding the noble intentions and rhetoric of growth, it doesn't put people first, it puts government first. It's not for people, it's for bureaucracy. It won't expand the economy, it will weaken the economy."

"While the Democrats have the rhetoric right, they have the policies wrong. Their programs will bring us more unemployment, less revenues, a greater tax burden on the middle class and the poor, more government, more inflation, and more misery."

Kemp criticized Clinton's call for income tax rate increases and surtaxes, saying that "raising taxes on American workers to fund more government programs is not putting people first, it's putting bureaucrats first."

"Governor Clinton and the Democratic Party would like for us to believe that their tax increases will only hurt the 'rich,' Kemp said. "But pushing workers, savers, and investors into tax shelters won't create economic growth or jobs and it will lower revenues. The incidence of taxation is different from the burden of taxation. And make no mistake -- the burden of the Clinton-Gore tax plan will fall on the middle class and the poor, who will go without jobs."

The Clinton proposal for a higher income tax rate and surtax would sharply increase "the graduated nature" of the tax system. A steeply graduated income tax would not gain revenue, it would lose revenue. Kemp stated: "A flatter, fairer, lower tax rate system on working men and women, families with children, and the formation of businesses and private investments in modern machinery and equipment is necessary if we are to reach our national goals of full employment, no inflation, and equal opportunity for all our people."

"The truth is that there are not enough incomes over \$1 million to fund the Democratic spending machine." Kemp said that if the tax rate on incomes above \$1 million were raised 7.5% points to 38.5%, the total revenue collected would be less than \$7 billion.

"That is why proposals to 'tax the rich' always start at much lower incomes," Kemp said. "Clinton, for example, would hike taxes on those making \$90,000 by \$5,000 per year. Now a \$90,000 income is high, but these people hardly qualify as 'the rich.' They don't even make as much as a Senator or Congressman."

"No, this is a tax increase on the prosperous middle class people who work hard so that they can send their children to good colleges without having to go into debt, and so that they can put

some money aside, by making investments, to provide for their retirements. Such a tax increase is an unfair assault on the American Dream. It is designed to keep the middle class in its place. High income tax rates keep people from getting rich. By reducing social mobility, high income tax rates protect the truly wealthy in their places of privilege."

Kemp also noted that more than half of those who would pay the higher income taxes under the Clinton plan are small business owners. "Notwithstanding the free enterprise rhetoric," Kemp said, "his plan fails to include any meaningful incentives for entrepreneurs and small business owners. It strikes at entrepreneurship, the heart of job creation."

"To create employees, we must first create employers," Kemp said. "Entrepreneurs and small businesses create most of the new jobs in America. Bill Clinton, Al Gore, and the Democratic Party think that government creates jobs."

"Given the importance of job creation to American families and workers, the Clinton program requiring a 5 year waiting period for a capital gains tax cut does not go far enough. For capital and savings invested for 5 years or more, the capital gains tax should be eliminated entirely, as it should be in inner city Enterprise Zones."

"Every time a successful business is started or expands a capital gain is created. Taxing those gains is a direct tax on the increase in jobs, incomes, opportunity, wealth, and the expanding tax base that new and growing businesses create. That is why reducing the capital gains tax is so important to economic growth."

"Had the Democratic leadership in the Senate not used parliamentary maneuvers to deny a majority in the Senate its right to pass the President's capital gains tax cut in 1990, the unemployment rate today would still be below 6%."

On urban policy, Kemp called Bill Clinton's plan for Enterprise Zones "a good start" but said "it doesn't go nearly as far as President Bush's proposal to encourage entrepreneurship, job creation, and investment in all impoverished communities in America."

Recent Enterprise Zone legislation approved by Congressional Democrats would allow only 50 Enterprise Zones, just 25 in urban areas. Kemp said this proposal "leaves too many people and too many mayors without Enterprise Zones."

"The Democrats are right when they say economic growth is the most important antipoverty program, the most important urban program, and the most important program for reducing divisiveness in our society. But they are wrong when they attempt to use envy and class warfare as a cover for a massive tax increase on the

American middle class."

Secretary Kemp concluded his press conference by saying that Ross Perot's withdrawal from the presidential contest now makes the choice between two different economic philosophies very clear.

"The debate now comes down to President Bush's plan to create wealth, opportunity and new jobs versus Bill Clinton's plan to redistribute wealth and raise taxes. I have no doubt that the American people will once again choose the growth plan of President Bush and Vice President Quayle over Democratic redistribution.

"If Mr. Perot's supporters want to change the tax code, reform welfare, encourage educational choice, and combat poverty and despair, I hope they will help us elect a new Congress that will work with President Bush, not against him.

##



You are Cordially invited to
a cocktail reception honoring
The Honorable Marge Roukema

on

Wednesday, July 22, 1992

5:30 - 7:30 p.m.

at

The Townhouse
441 New Jersey Avenue, S.E.
Washington, D.C.

R.S.V.P. by July 20, 1992

- ☐ Yes, I will attend the reception honoring Congresswoman Marge Roukema.
- ☐ No, I will be unable to attend the reception in honor of Congresswoman Marge Roukema, but a donation of \$ _____ is enclosed.

Name _____

Address _____

City/State/Zip _____

Occupation _____

Employer _____

Paid for by (and please make checks payable to) The Committee to Re-Elect Congresswoman Marge Roukema.

Contributions are not deductible for federal income tax purposes.

742
Decline
Accept
6-24
Send in card decline
Complimentary
\$500 per person



The Honorable Samuel K. Skinner
Chief of Staff.
Office of the White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

The Committee to Re-Elect
Congresswoman Marge Roukema
P.O. Box 625
Ridgewood, New Jersey 07451