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THE WHITE HOUSE
WASHINGTON

SHowed
POTUS

DATE: Jul. 23, 1992

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

DCF HAS SEEN

Sam, you may have already seen this
Chic. Trib. editorial. It is a mighty
good summary of the challenge ahead of
us.

A handwritten signature in blue ink, appearing to be 'CY' or 'Clayton Yeutter', enclosed within a large, loopy circular stroke.

What George Bush must do

Will Jim Baker quit as secretary of state to head his friend George Bush's re-election campaign? Should Bush dump Dan Quayle and replace him with someone who measures up better against the Democratic vice presidential candidate, Al Gore?

Just the fact that such scenarios are being discussed suggests the gravity of President Bush's situation. Bush is, to use his own phrase, in "deep doo-doo," and even with Ross Perot out of the picture, his prospects for re-election appear unpromising at this time.

What, if anything, must George Bush do if he is to have a fighting chance for re-election? Can he, like Bill Clinton on the Democratic side, find a winning way to reintroduce himself to the American people?

To begin with, Bush must not assume that changing personnel will turn the tide for him. There may be merit in having Jim Baker as campaign manager, if only to give a sense of new energy and direction to the effort. But that alone will not save Bush.

There may be merit in having someone other than Quayle as his vice presidential running mate—if there were cause to believe that Quayle is the reason the ticket is faring badly. But there is not.

The fact is that the Bush campaign is foundering because of George Bush. The president confronts a situation not unlike the one Democrats used to describe as theirs: stony ingratitude of a middle class that was largely the creation of Democratic policies.

In Bush's case, the ingratitude is for his deft handling

of the Cold War endgame. That episode was fraught with possibilities for explosive confrontation. (Indeed, the potential for big trouble—from loosely controlled Russian nuclear weapons, for example—still exists.)

Bush's knowledge, experience and temperament made him the man for that season. The case for his re-election must begin by recalling those events and impressing on people what a benefit it is to be living no longer in the shadow of the mushroom cloud.

But that is only the first page of a good campaign speech. The American people want to know, in fairly clear, straightforward terms, what Bush would do in another four years about the economic and social renewal of the United States. And it is here that Bush seems not just short of ideas, but virtually bereft.

It won't do any longer to bash Congress about a capital gains tax cut. Something grander and more visionary is called for. It cannot be supplied by a skillful speechwriter or a coterie of clever advisers. It must come from within Bush himself.

The president needs to closet himself and consult with himself about what he believes America ought to be and do for its own people. He must call to mind what it was that brought him to his vocation of public service. He must rekindle the flame within himself and discern how it can light the way in the domestic arena as it has in foreign policy. And he must speak about it honestly to the American people.

He owes that to the nation—and to himself.

Photo Copy Preservation

CLAYTON YEUTTER

Jul. 24, 1992 DCF HAS SEEN

To Bob Teeter

FYI. This came from Ken Guenther of the Independent Bankers Ass'n.



cc S. Skinner

SHOW POTUS

Dr. Yeather - sir

Memo to: Ken
From: Ron
Date: 23 Jul 92

K. G. Yeather
FXT -**SUBJECT: Vucanovich fundraiser**

This afternoon I attended a small (probably 15 people) fundraiser lunch for Barbara Vucanovich (R-NV), who serves on the House ag appropriations subcommittee. It was hosted by former NV Senator Paul Laxalt, and former NV Senator Chic Hecht also was in attendance. The presidential campaign was discussed.

- Laxalt said he briefed campaign leaders at the White House yesterday and told them not one single Western state was in the Bush camp at this time, stressing that that included California and Utah.
- Laxalt also said that he thought Bush's laid-back attitude was contributing to his decline. He said Bush needs to get out and let the people know that he wants to be re-elected.
- Laxalt added that Bush's saving grace may be his high sense of competitiveness once he gets going. While a lot of people are already burying Bush, Laxalt says he still thinks the election can be pulled out, IF Bush starts acting like a candidate NOW.

Vucanovich ran Laxalt's campaign in northern Nevada when he was in the U.S. Senate. They are lifelong friends.

File

THE WHITE HOUSE
WASHINGTON

DATE: Jul. 24, 1992

COPIES HAS SEEN

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

For your info, Howard Leach--one of our Team 100 members from California and an outstanding agribusinessman--called yesterday to say that he had heard we might capitulate on capital gains in the tax policy debate on the Hill. His strong advice was that we not do so, for he and lots of others in the business community still believe this to be the most important part of the entire package.

[Signature]

THE WHITE HOUSE
WASHINGTON

July 27, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL K. SKINNER
SUBJECT: YOUR MEMORANDUM OF JULY 26 CONCERNING THE OIL
INDUSTRY

I have asked Henson to look for an opportunity on one of your trips to Texas for you to meet with this group and talk about some of their concerns and some of the steps you have taken to correct them. It probably won't happen this trip to Texas, but on the next one.



THE PRESIDENT

DCF HAS SEEN

July 26, 1992

To: Sam Skinner

The attached from Watkins on our bad standing in the oil industry really concerns me.

Please look at his suggestion and have a recommendation for me on what to do.

He makes a good suggestion.

9



THE PRESIDENT HAS SEEN

7/26/92



The Secretary of Energy

Washington, DC 20585

July 24, 1992

*Sam
Disarm*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: INDEPENDENT OIL AND NATURAL GAS PRODUCERS
IN OKLAHOMA

I returned yesterday from a series of meetings with independent oil and natural gas producers across Oklahoma. Their level of frustration appears even higher than that which I observed in Texas.

In response to some of their complaints, I will dispatch a group to explore specifics of what the independents view as overly-burdensome or needless environmental regulations. We will also send out from our National Laboratories a team of scientists who have, in the past, applied some of our advanced seismic and computer capabilities to help the independents. Our goal here is to find ways to lower their costs of exploration and production that would otherwise be prohibitive.

In addition to the aforementioned, however, there is one thing you could do. The independents all expressed a desire to hear you say you recognize that: (1) energy drives our economic machine; (2) the small business component of the oil and gas industry (the independents) provides the nation with a significant portion of that energy; (3) the independents have suffered inequities and significant setbacks over the past 6-7 years because of unfair application of disincentives; (4) you have taken steps to see that these disincentives, like Alternative Minimum Tax relief, are removed through provisions of your Energy Bill now in final addressal by the Congress; and (5) you are personally involved in seeing that this Bill comes to your desk for signature before the current Congress closes. This will garner a big "plus" for you among the independents throughout the entire oil patch.

Page 2 - Memorandum for The President

Perhaps when you visit Texas and the Superconducting Super Collider (SSC) site next week, you might find a suitable forum for making such a statement to the press with a representative group of independents present. We will assist you in any way you wish to facilitate such an event.

Thank you for including the SSC in your schedule next week. This should be a big plus in Texas.



James D. Watkins
Admiral, U.S. Navy (Retired)

NAFTA STRATEGY TIMELINE

Assumptions

- o early August: "handshake" among ministers or heads of state
- o late August - early September: complete text and initial
- o early September: notify Congress

[Note: These assumptions reflect a guess at the most rapid likely scenario, for which we need to be prepared.]

Pre-Deal

- o 7/28: POTUS addresses Hispanic business leaders; follow-up briefings at DOC
- o 7/28-29: Hills meets in Exec Session with Ways & Means and Finance
- o 7/30: POTUS speaks in Texas; R&D theme; NAFTA could be added
- o Place op-eds
- o Arrange Dear Colleagues and floor statements
- o Distribute basic talking points to:
 - Cabinet and WH staff
 - key Hill allies
 - surrogates
- o Distribute speech inserts for surrogates
- o Calls to editorial boards, columnists begin [to continue throughout]
- o Convene Whip Groups in both House and Senate (Hills to join)
- o Convene core group of private sector supporters (possible Hills, Skinner, Yeutter)
- o 8/3: POTUS speaks at BQ event Dalton, GA; subject is global economy and leadership
- o 8/5: POTUS speaks at Knights of Columbus in NYC; subject is varied, but convention includes delegates from Can and Mex

Pre-Handshake

- o POTUS meets with Cong Leadership for advance notice and to discuss substance and process

Immediately Pre-Handshake

- o Alert leadership and Whip Groups
- o OPL/Media/Press call in counterparts from agencies for briefing
- o OLA/Media/Press call in key congressional staffers, including pub affs officers of Whip Group members, for briefing
- o Alert core private sector groups
- o Distribute talking points to surrogates and supporters
- o Hills/Reilly/Martin/Boskin begin to background press on agreement, environment/labor/economic prospects; presage longer-term cooperative activities

Handshake

- o Trilateral POTUS or ministerial event
- o Distribute full sets of materials to:
 - Cabinet
 - Whip groups
 - core private sector supporters
- o Release and distribute negotiated Executive Summary, along with Highlights and Gist to:
 - press
 - specialty media
 - large private sector group
 - grass roots groups
- o Separate Reilly/Martin events on enviro/labor (?)

Immediate Post-Handshake

- o Major POTUS address
- o POTUS Saturday radio address
- o Brief large private sector group in 450 (Hills, Skinner, Yeutter; possible POTUS drop-by)

- o Press conferences by supporters and surrogates
- o TV, radio, and print interviews for supporters and surrogates
- o Floor statements by congressional supporters

Pre-Initialing

- o [Continue most of above activities]
- o Convention activities

Initialing

- o Possible initialing ceremony, involving heads of state if not possible at handshake
- o Parallel announcements or ceremonies on enviro and labor
- o [Continue many of above activities]

Pre-Notification

- o POTUS meets with advisory committees to receive reports

Notification

- o Possible notification ceremony
- o Large materials sent to all offices on Hill
- o Full-court consultation and briefing on Hill through adjournment

LABOR AND THE NAFTA: TALKING POINTS

THE NORTH AMERICAN FREE TRADE AGREEMENT IS A FORWARD-LOOKING ACHIEVEMENT THAT WILL LOCK-IN BENEFITS OF TRADE WITH MEXICO, IMPROVE ECONOMIC GROWTH AND COMPETITIVENESS, AND CREATE JOBS

- o American jobs depend on exports. Exports stimulate more job growth than any other sector of the economy, accounting for 25 percent of the growth in American jobs between 1986 and 1990.
 - In 1990, the total number of American jobs supported by U.S. merchandise exports reached 7.2 million -- an increase of 42 percent from 5.0 million in 1986.
- o Mexico is already our third largest customer, and fastest growing export market. By the end of 1992, U.S. exports to Mexico are projected to amount to \$44 billion, more than triple the \$12.4 billion exported in 1987. Since 1986, 47 states have expanded exports to Mexico.
- o U.S. exports support jobs in the United States. According to the Department of Commerce, in 1991, merchandise exports to Mexico helped support more than 600,000 American jobs; to Canada, 1.5 million jobs.
 - Independent studies project that by 1995, over one million jobs could be tied to exports to Mexico as a result of NAFTA and Mexican economic liberalization.
- o These are generally high-quality jobs: manufactured goods account for 85 percent of total U.S. exports to Mexico, and export-related jobs pay 17% more than the average U.S. job.
- o Mexican economic growth will create more good jobs for Americans:
 - For every \$1.00 of economic growth in Mexico, approximately 14 cents is spent on American products and services.
 - The United States supplies 70% of Mexico's imports.
 - Of every \$1.00 spent by U.S. subsidiaries in Mexico, 46 cent is spent on U.S. goods, the highest percentage of any U.S. trading partner.
- o NAFTA will level the playing field for American exports to Mexico by eliminating quotas, licenses, and related trade and investment restrictions, as well as tariffs, which are 2.5 times higher than average U.S. tariffs on Mexican goods.

NAFTA CONTAINS PROVISIONS THAT WILL MAINTAIN U.S. JOBS IN SENSITIVE EMPLOYMENT SECTORS

- o U.S. tariff and non-tariff barriers will be phased-out under NAFTA over an extended period of time.
 - Our protections on sensitive products manufactured in the U.S. will be removed in stages covering a ten year period; on certain highly sensitive products the phase-out period will be nearly two decades.
- o An effective safeguard mechanism will protect American jobs from any sudden, injurious surge of imports from our NAFTA partners by allowing us to "snap-back" temporarily to pre-NAFTA import barriers.
- o Strict rules-of-origin provisions will ensure that the benefits of NAFTA's free trade provisions accrue chiefly to North American countries and their workers, not to countries outside the region.

AN ADDITIONAL COMMITMENT TO THE AMERICAN WORKFORCE IS PRESIDENT BUSH'S PLEDGE TO WORK WITH CONGRESS AND OTHER INTERESTED PARTIES TO DEVELOP WORKER ADJUSTMENT ASSISTANCE

- o In his May 1, 1991 response to Congress, President Bush committed the administration to
- o The Administration began extensive consultations on (date) and has consulted thus far with _____, _____, and _____, and has published a questionnaire in the Federal Register on July 16, 1992.
- o The President's commitment will be met as NAFTA implementing language is developed by the Administration and Congress, and the shape, scope, and the funding for adjustment assistance emerges.
- o The Administration already spends \$_____ on worker adjustment programs that effectively serve more than _____ American workers.

LONGER-TERM LABOR COOPERATION

- o The negotiation of the NAFTA created an historic opportunity to focus attention on improving Mexican labor standards, worker rights, and their enforcement.

- o The Administration seized this opportunity in May of 1991, when the U.S. Secretary of Labor and her Mexican counterpart signed a Memorandum of Understanding (MOU). The MOU established an action plan involving information sharing and cooperation on issues such as:
 - Child labor, labor law, and worker rights;
 - Workplace safety in high-hazard industries;
 - Training of enforcement officials; and
 - Workplace safety and health compliance in maquiladoras.
- o The work we have done pursuant to the 1991 MOU has now put us in a position to implement joint technical assistance and training programs to bring Mexico up to U.S. levels.
- o We are currently discussing the details of these efforts, which we expect to focus on:
 - Health issues, such as permissible exposure limits; and
 - Safety issues, such as enforcement in small and medium sized firms.

7-28 noon
DOL to clear/complete

OVERVIEW OF FORMAL ECONOMIC STUDIES OF NAFTA

ITC SURVEY OF NAFTA STUDIES FINDS ALL AGREE THAT NAFTA WILL INCREASE U.S. GROWTH, CREATE JOBS, LEAD TO HIGHER REAL WAGES

- o The President pledged to Congress in his May 1, 1991 letter to draw on economic analyses of the NAFTA. In July 1991, USTR asked the International Trade Commission (ITC) to report on the academic literature on NAFTA.
- o Summarizing its review of about a dozen academic and professional studies on NAFTA last May, the ITC wrote that:

"The focus of the papers...is varied. Some emphasize the effects of the NAFTA across broad spectrums of the economy, while others examine in detail the impact on specific sectors, such as autos or agriculture. Despite the different approaches...there is a surprising degree of unanimity in the results regarding the aggregate effects of a NAFTA. All three countries are expected to gain from a NAFTA. The greatest impact will be on the Mexican economy, with less impact on the Canadian and U.S. economies."
- o With regard to the United States, the ITC reported that:
 - The models found that a NAFTA would increase U.S. real GDP by up to 0.5 percent, with one exception which calculated a gain of as much as 2.1 percent.
 - With one exception, aggregate U.S. employment increases from 0.1 percent to 2.5 percent, with aggregate real wage increases ranging from 0.1 percent to 0.3 percent.
- o With respect to U.S. lower-skilled workers, some models show wage gains and some wage losses (all within 2% of baseline).
 - The major study predicting downward pressure on blue-collar wages based the prediction on increased immigration from Mexican agricultural laborers displaced by Mexico's agricultural reforms.

IIE PREDICTS MAJOR JOB AND TRADE GAINS WITH MEXICO BY 1995

- o The Institute for International Economics has made its own projections. Assuming a NAFTA is in place and Mexican economic reforms continue, IIE projects that over one million Americans will be employed in jobs related to export trade with Mexico by 1995.
 - IIE predicts 175,000 net new jobs to be created in the U.S. by 1995 as a result of NAFTA and Mexican reforms.

AFL-CIO SUPPORTED ECONOMIC POLICY INSTITUTE JOB LOSS STUDY FLAWED

- o Last year, the Economic Policy Institute (which is supported by the AFL-CIO) funded a study on NAFTA's effects by Robinson and Hinojosa-Ojeda. Some have used their results to argue that there would be 550,000 fewer jobs in the U.S. because of NAFTA.
 - The authors in fact predicted that there would be 550,000 fewer immigrants from Mexico. A better performing Mexican economy would offer more job opportunities for Mexicans in Mexico. Therefore, the U.S. labor pool would shrink (diminishing jobs).
 - Not surprisingly, this study predicted U.S. urban unskilled and rural workers' wages would rise by 5.7 percent, since fewer immigrants would be competing.
- o We view the Robinson/Hinojosa-Ojeda results as confirming the wisdom of NAFTA. Economic growth in Mexico, diminished pressure to emigrate, and higher real wages on both sides of the border are all in the U.S. interest.

ITC STUDIES PROBABLY UNDERCOUNT TRUE GAINS FROM NAFTA

- o The economic models reviewed by the ITC tended to concentrate on the "static" benefits of free trade, namely, an estimation of gains based on more efficient use of current resources.
 - The models either do not or only partially measure the "dynamic" effects of free trade which are potentially much greater than static effects. Dynamic effects arise from trade liberalization that enhances saving and investment, thus promising higher rates of economic growth over the medium to long term.
- o The studies do not capture all aspects or benefits of trade liberalization under a NAFTA.
 - The studies concentrate on the elimination of tariffs and some non-tariff barriers. They generally do not reflect liberalization in services trade or foreign investment, or better protection for U.S. intellectual property rights.
- o In order to facilitate mathematical modelling, many studies assumed full employment. These studies perforce do not predict huge employment increases.

USTR DRAFT 7-28 noon

NAFTA: KEY ENVIRONMENTAL TALKING POINTS

NAFTA WILL ENHANCE ENVIRONMENTAL PROTECTION THROUGHOUT NORTH AMERICA

- o NAFTA Parties have agreed that economic development should take place in an environmentally sound manner.
- o NAFTA will generate the additional resources necessary to increase funding of environmental projects and enforcement of environment laws and regulations.
- o NAFTA's "parallel" environment track has increased and strengthened our network of cooperative activities on the full range of pollution and conservation issues.

NAFTA ITSELF HAS UNPRECEDENTED "GREEN LANGUAGE"

- o NAFTA's provision on standards, health, and safety measures explicitly ensure our right to safeguard the environment.
- o The provisions encourage NAFTA parties to strengthen environmental standards, promoting upward "harmonization."

THE NAFTA PROCESS HAS INCREASED PARTICIPATION IN TRADE POLICY

- o USTR appointed representatives of the environmental community to each of its key trade policy advisory committees.
- o USTR, with the help of EPA and other government agencies, released in February an Environmental Review addressing the environmental effects of NAFTA.
 - Public hearings on the Review were held in 6 U.S. cities (San Diego, Houston, Atlanta, Cleveland, Boston, and Washington DC).
 - The Review concluded that the NAFTA will enhance environmental protection by providing Mexico with additional resources to address environmental problems.
 - The Review also concluded that NAFTA would ease environmental pressures on the Border as free trade continues to expand beyond the maquiladora sectors.

- o As part of the Integrated Border Environmental Plan, prepared by the Environmental Protection Agency and its sister agency in Mexico, public hearings were held in 16 border cities -- 9 U.S. cities and 7 Mexican cities.
 - These hearings marked the first time the Government of Mexico had held public hearings.
 - The Mexican Government has committed to hold such hearings on a regular basis in the future.
- o The U.S. and Mexico have committed to establish public advisory committees for border issues, demonstrating Mexico's commitment to open up its decision making to the public.
- o Administration officials have consulted with Congress and the environmental community on a regular basis throughout the negotiations and as the "parallel track" environmental activities have progressed.

THE INTEGRATED BORDER ENVIRONMENTAL PLAN WILL IMPROVE ENVIRONMENT CONDITIONS ALONG THE U.S.-MEXICO BORDER

- o Border issues have been addressed in the comprehensive multi-year Intergrated Border Environment Plan, which was released by Presidents Bush and Salinas in February 1992.
- o The Plan focuses on air and water pollution, waste disposal, pollution prevention, chemical emergency response and enforcement.
 - It reflects input from state and local officials from the border area.
- o The President's FY 93 budget proposal includes \$241 million to implement this plan, double the 1992 amount.
- o President Salinas has committed Mexico to a 3-year \$460 million program to implement the Plan.

STRENGTHENED ENFORCEMENT COOPERATION AND COORDINATION WILL IMPROVE ENVIRONMENTAL PROTECTION IN BOTH COUNTRIES

- o Under the "parallel track" activities, U.S. and Mexico set up a new bilateral Working Group on Environmental Enforcement in June 1991.
 - This group has focussed on targeted enforcement activities, training, and encouraging public notice of potential violations of environmental law.

COOPERATIVE ACTIVITIES HAVE INCREASED CONSERVATION AND PROTECTION
OF WILDLIFE AND HABITATS

- o During the NAFTA process, the Government of Mexico signed the Convention of International Trade in Endangered Species (CITES), the key international agreement in stopping illegal trade in endangered species.
- o The NAFTA process has increased and strengthened cooperative programs, ranging from establishing "sister parks" along the border (beginning with Big Bend Park), creating biosphere reserves in Mexican tropical forests, and reducing dolphin and sea turtle mortality in commercial fisheries.

LONGER TERM COOPERATIVE PROGRAMS WILL EXPAND

- o Work on "parallel track" issues is likely to result in new mechanisms for environmental cooperation, including enforcement. Under these mechanisms, the U.S. and Mexico will:
 - Regularly review the state of U.S.-Mexico relations in this area.
 - Provide systematic follow-through on cooperative activities.
 - Permit emergency consultations on urgent matters.
 - Establish a focal point for consultations with state and local officials, environmental and business communities, labor unions and other interested parties.

7-28 noon
EPA/State/USTR

THE PRESIDENT'S COPY

DCF HAS SEEN DATE: Jul. 27, 1992

SHOW
POTUS

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

As you may know by now, Gephardt's comments this noon were much softer than originally expected. However, Carla Hills is doing a press conference this afternoon and she'll undoubtedly get questions re the Gephardt speech. Attached are the talking points she'll be using.

I'll be available to the press too, but there may not be a lot of additional interest at this point.


CC Brent S.

TALKING POINTS IN RESPONSE TO GEPHARDT

- o In his May 1 letter to Congress requesting an extension of "fast track" authority for an FTA with Mexico, the President made a series of commitments on the environment, on adjustment, and on ensuring an open negotiating process.
- We are absolutely confident that the Administration will meet each one of the President's commitments to the Congress, and in many instances exceed them.

NAFTA IS THE MOST ENVIRONMENTALLY-INFORMED TRADE AGREEMENT EVER

- o The President committed that NAFTA would not weaken US health, safety, or environmental standards, and it won't.
- In fact, NAFTA will encourage NAFTA parties to raise standards; it will also allow states and cities to enact tougher laws if needed, and preserve our rights to limit trade in endangered species.
- o Also as committed, our key private sector advisory bodies each now have reps from leading environmental NGOs, each of whom have helped develop US negotiating positions.
- o Parallel to NAFTA, we are implementing a joint Environmental Border Plan to address air and water quality, other issues. Mexico has pledged \$460 million over 3 years; unfortunately, Congress has cut our request for \$241 million for FY 93.

NAFTA WILL ASSURE A SMOOTH TRANSITION FOR INDUSTRY AND WORKERS

- o As the President committed, NAFTA will give sensitive sectors time to adjust to full competition by gradually phasing out tariffs and by providing a safeguard mechanism against import surges that injure US firms; and through
- o Tough rules of origin to prevent non-NAFTA products coming through Canada or Mexico to take advantage of NAFTA.
- o The Administration is working with Congress to provide for effective, adequately funded worker adjustment assistance.
- Consultations began this spring and public comment is being solicited by DOL. Our proposals will be ready by the time NAFTA legislation is considered by Congress, and well before NAFTA itself is actually implemented.

CONSULTATIONS ON NAFTA HAVE BEEN THE MOST EXTENSIVE EVER

- o Our consultative process on NAFTA has included hearings in six cities, soliciting and responding to extensive public comment, hundreds of meetings with advisors and other interested parties, and extensive briefings of Congress.

Talking Points, Page Two

- In fact, Chmn Rostenkowski said last month in a speech, "we cannot fault the Administration for secrecy."

CONCLUSION

- o The real damage to US workers or our common environment would be in not implementing NAFTA.
 - Mexico is our third largest export market (and second largest for manufactureds).
 - US exports to Mexico now support over 600,000 jobs at home, and could top one million in 1995, assuming NAFTA and Mexican economic reforms are in place.
 - Academic studies and USTR/EPA's own study on the environmental impact of NAFTA predict that as Mexico's economy grows, it will devote more resources to conservation and pollution control.
- o Squandering this chance for beneficial growth would harm the US economy, hobble export-led job creation in the US, and deny Mexico the resources it needs to protect the environment and improve its standard of living.

CLAYTON YEUTTER

file
DCF HAS SEEN

Jul. 27, 1992

To Bob Teeter

Bob, I'm told that on the bus trip Clinton asked a Kentucky audience if their taxes had gone up over the past four years. The response, of course, was "yes." He then asked if their federal taxes had gone up. The response was "no."

The message he was delivering was that the Administration has been shoving programs to the state and local level, forcing folks to pay for them there even though they've had no say in enacting them.

It's a pretty clever theme that you'll need to prepare for if he continues it.

CY

cc S. Skinner

F.U. 7/30

THE WHITE HOUSE
WASHINGTON

July 27, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL K. SKINNER

SUBJECT: YOUR MEMORANDUM OF JULY 26 RE CABLE TV

Nick Calio is having a meeting tomorrow morning with all interested parties regarding the Cable TV bill. It is too early to tell whether we have veto strength, but we will continue to explore positions of various parties and let you know the situation later this week.



THE PRESIDENT

July 26, 1992

Sam Skinner/Nick Calio

Re: Cable TV.

I note in weekend reading we do not have
veto strength.

What Now?

GB

4



THE WHITE HOUSE
WASHINGTON

July 27, 1992

MEMORANDUM FOR C. BOYDEN GRAY

FROM:

SAMUEL K. SKINNER 

SUBJECT:

YOUR MEMORANDUM OF JULY 25

The President has referred your memorandum of July 25 to me.

As you know, legislative strategy is coordinated through the Legislative Strategy Group in which you have participated. I have decided that it is appropriate that this recommendation be considered by that group along with other appropriations and legislative strategies. Therefore, I have shared your recommendation with Nick Calio. In the future it is probably a good idea that you take all such recommendations to the committee before sending them to the President so that he can get an overall picture.

cc: Nick Calio

DCF HAS SEEN



THE PRESIDENT

July 26, 1992

To: Sam Skinner/Boyden

I need a formal W.H. Staff recommendation on this.

I am inclined to agree that the Convention speech should not be the place for "A", **see attached.**

I am ~~so~~ sorry to see from the attached that the W.H. staff has grown. I thought we had concluded that it had ~~not~~ not grown since I have been President.

GB

4

attach Boyden's memo of 7-25

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

7/26/92

July 25, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: C. BOYDEN GRAY *cmh*
SUBJECT: Line-item Veto Strategy

According to Dick Darman, Bill Kristol and others, Newt Gingrich is lobbying vigorously for you to include Clinton's 25 percent cut in congressional and White House staffs, along with the line-item veto, as part of your legislative appropriations veto strategy. Three observations seem relevant:

First, regardless which strategy you choose, a quick decision is absolutely essential. The Gingrich strategy -- or any other strategy -- will require a few days for planning and for background discussions with the press.

Moreover, as you know, the legislative appropriations bill has already passed the House and could be reported to the Senate floor at any time -- in all likelihood well before the August convention. Therefore, if you waited until the convention to issue a veto threat, your announcement could be dismissed as election-year politics, not serious legislative strategy. *|| A"*

Second, despite its obvious appeal, the Gingrich strategy has some disadvantages. It could muddy your message about the importance of the line-item veto. It could also embroil the Administration in a "perk pissing match" that the press would prevent you from winning.

Third, if you favor the Gingrich strategy, we should not support a specific percentage reduction from current staffing levels. This would incorrectly suggest that Congress and the Presidency are equally blameworthy for burgeoning staffs. As the attached chart shows, congressional staffs have grown by more than 50 percent since 1965, while the EOP staff has grown by less than 25 percent.

Accordingly, choosing an historical baseline year and insisting that staffs be reduced to that level would more accurately reflect the relative growth in the two Branches, and would better protect the Presidency. A return to 1968 levels, for example, would entail a reduction in congressional staffs of slightly more than 25 percent, while requiring a reduction in the current EOP staff of only about eight percent. 1968 would be a defensible baseline because it was the last year of the Johnson Administration, before Nixon's "imperial Presidency."

**Employment Statistics for
Executive Office of the President and
Legislative Branch**

<u>YEAR</u>	<u>LEGISLATIVE BRANCH^a</u>	<u>EXECUTIVE OFFICE OF THE PRESIDENT^b</u>
1965	25,947	1,539
1966	26,000	1,731
1967	28,178	1,796
1968	28,675	1,753
1969	29,577	1,834
1970	30,715	2,175
1971	30,362	2,505
1972	33,688	3,205
1973	32,782	2,279
1974	34,696	1,778
1975	36,851	1,801
1976	37,776	1,796
1977	39,300	1,637
1978	39,148	1,679
1979	39,727	1,918
1980	41,357	2,013
1981	38,616	1,674
1982	38,791	1,608
1983	39,143	1,622
1984	38,832	1,593
1985	38,764	1,549
1986	36,490	1,525
1987	37,918	1,540
1988	37,547	1,576
1989	37,690	1,630
1990	37,388	1,695
1991	38,662	1,788
1992	38,832	1,898
(MARCH)		

^aU.S. Office of Personnel Management, Statistical Abstract of the United States, (1965-1989); Federal Civilian Employment of the U.S. Government (1990-1992)

^bFederal Manpower Statistics, Federal Civilian Workforce Statistics, quoted by Vital Statistics on American Politics (1965-1987); Federal Civilian Employment of the U.S. Government (1988-1992). EOP figures for 1965-1974 exclude the Office of Economic Opportunity, which was part of the EOP during those years.

THE WHITE HOUSE
WASHINGTON

Shown
POUS

DCF HAS SEEN

DATE: Jul. 27, 1992

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Sam, an outstanding memo by Carol
Brookins. Share it with the President
if you wish.



DRAFT

"The marvel of all history is the patience with which men and women submit to burdens unnecessarily laid upon them by their governments."

The late Senator William E. Borah

COMMENTARY

Change is the key theme of the 1992 U.S. election campaign. Presidential contenders and Congressional races alike are mesmerized by the issue of change. President Bush's team kicked off the concept early in the primary season with "If we can change the world, we can change America." Democratic challenger Bill Clinton paraphrased that idea in his remarks to the Democratic National Convention, as did his running mate Al Gore. And, let's not forget former non-candidate Ross Perot, whose very meteoric rise to political prominence was precipitated by the wide ranging popular discontent with the status quo.

Unfortunately for the President, his Administration is identified as responsible for the current problems rather than being viewed as an agent of policy change. He has, thus far, been unable to effectively make the case that he has proposed many changes of policy to improve the American economy and society, but these were blocked by a Democratic Congress. This theme could possibly boomerang back at the President as evidence that he lacks the leadership capability necessary to move America forward.

Congress is also taking some of the blame, and this year alone all other years could bring the electors to upset a lot of incumbents' positions in the House and Senate. But, it is by no means certain that there will be a widespread shift toward a working Republican majority in the Congress.

A second related theme is "empowering people." Both Clinton and Perot have emphasized this forcefully over recent months, and Perot's activist volunteer campaign was evidence of many voters willingness to take on the political system.

It's worth looking at these two simple themes and seeing what reality is behind them. I would contend that both "change" and "empowerment" are valid themes for both sides of the political spectrum, and that the basic decision that American voters will make at the polls is what kind of change they want, and who they want empowered.

This is a year when deep philosophical differences regarding the appropriate role of government are as critical in U.S. politics as ever before in modern U.S. history. The irony of this election year is that people are so desperately clamoring for change, because they are caught in the turmoil of change already and they are frightened, because the nature of change is always instability and realignment of old structures.

During Ross Perot's brief foray into presidential politics, his close associates were able to dodge detailed responses on issues, by saying that the issue is leadership. By empowering Perot through the presidency, the American people would have a leader who would empower them because he could put into operation the changes that he knows are good for this country.

The Democratic Convention and Platform took a different approach by calling for a "New Covenant." The message combines traditional Republican themes of individual liberty and personal responsibility with the traditional Democratic emphasis on activist government.

President Bush and the Republican Party are staking out a position that change means continuing the revolution against big government that Ronald Reagan began in 1980, and this means getting major changes in the tightly-controlled Democratic House of Representatives and winning back the Senate.

All the candidates recognize the anger and frustration permeating the U.S. electorate; their efforts are targeted on channelling that anger and fear into support. Thus far the Democrats have been far more successful for two reasons.

First, the weak economy has not turned around from the recession as many economists projected due to the high level of business and consumer debt, and the restructuring related to meet global competition. So, they have an ideal situation to attack, as jobs are lost and voter anxiety mounts.

Second, the Bush Administration has not been successful in defining and defending its formula for remedying economic and social problems. This is not to say that the Bush Administration does not have a domestic policy agenda. In fact, it has had such a broad range of proposals introduced before Congress that this list would fill several single-lined pages, in addition to the legislation that the President has vetoed. It has not, however, been able to effectively communicate its agenda to the American people for more than three years.

While Ronald Reagan had three goals for America—destroy Communism, reduce the size of government and lower taxes—George Bush has appeared to lack real focused commitment to pushing through a myriad of critical domestic policy initiatives. He has not brought his case to the American people in a way which would have brought popular weight to bear on the Democratic Congress.

Can we expect the fall 1992 campaign to play as it did in 1988? It would be a mistake to believe that the same bounceback by Bush can occur in the polls as it did under the 1988 strategy. Not only is the economy an issue, but the "L" word—or liberal tag—is not being advanced in the same way by Democrats today. An interventionist role for government has been cloaked in Republican rhetoric and co-opted under the concept of a

"private-public partnership" to make America strong. So, the Democratic agenda is far more difficult to pin down and to frontally attack.

The Democrats so want to regain control of the White House that they are playing this race very carefully. Clinton's operatives have been able to negotiate a truce with the left wing of the Party, which is submerging the visibility of the more liberal agenda during the campaign season. That activist role for government, though masked in conservative rhetoric in the Democratic Platform, is nonetheless very much a part of the Clinton/Gore post-election agenda.

One respected observer has noted the "extraordinary inconsistency between rhetoric and policy" coming out of the Democrats' campaign. A detailed critical examination of both the Platform and a private advisory body's policy blueprint for Clinton, sub-titled "Putting People First" reveals a bigger role for government that goes beyond the current level of government intervention and regulation of the economy. This includes industrial policy, where government provides targeted investment and tax benefits to business it sees as "winners." It includes government-funded infrastructure projects, going beyond traditional programs to new technologies. Some believe that the proposed national information network was designed to insure the support of Ross Perot and his company EDS for the Democrats.

The platform also opens the door wide to substantially higher government employment—be it at the federal, state or local level. These jobs would be filled by university graduates paying back their student loans with reduced salaries for jobs at the state level, or for people coming off of welfare into the work force. Regardless, Clinton has proposed reducing 100,000 employees of the federal government, but his proposals imply a large increase in state and local government rolls and it is at the state and local level that public employment has multiplied several times over during the past 30 years. It is the fastest growing public sector.

Although targeted businesses would stand to gain from the Democrats' industrial policy agenda, the government will be taking away decisions over investment from the marketplace. Additionally, higher taxes on the rich, controversial tax initiatives for foreign corporations and tax disincentives for U.S. businesses that seek to diversify their operations and expand investment outside the U.S. have significant implications for the U.S. capital structure. Higher spending by the government, minimal attention to deficit reduction except through targeted economic growth and a priority environmental focus all imply a rising deficit—unless taxes are raised beyond the levels that Governor Clinton has recommended.

Will the American people buy into the Democratic agenda? Is this the change that they are looking for? Do they want to empower the government to hire more people and impose more regulations over them? The conventional wisdom would lead to a resounding "no," but don't be so sure. People in the mainstream are afraid. Because they are afraid they are angry. Because they are angry they are looking to put the blame on someone for their own insecure position. That "someone" is the Bush Administration and the businesses that are laying off workers. And because they are insecure, they want the government to give them more security.

They are also angry at the President because they are disappointed. Despite the economic downturn, observers point out that the tremendous U.S. leadership and national consensus that was formed in Desert Storm last year gave Americans hope and belief in the unequalled greatness of the U.S. The astronomic rise of the President in national polls during and following the Gulf War reflected this optimism. The American people believed that the U.S., under the President's leadership, could do anything and solve any problem. So, the President's collapse in the polls reflects a perception that the President isn't giving enough commitment to their economic and social needs.

Is that perception true? Can it be changed? From discussions with people all across the U.S. on airplanes and at meetings, this unofficial pollster would have to say that people generally like and respect the President and want him to succeed. They want his leadership, but are worried that it is not evident. They cannot express in words exactly what is wrong, and they raise questions about his health being a factor rather than his lack of interest in them. They are also so fed up with the stand-off between a Democratic Congress and a Republican White House that they are willing to accept whatever change may be, just to be able to stop the bickering and get something done.

Who will win in November remains a wild card. The Democrats may be peaking early, but the Republicans may wait too long and pin too much hope on their convention in mid-August to capture voter enthusiasm. In fact, there is a danger that the White House may err, just like it did by holding off any Presidential initiatives in late 1991, and instead building up expectations ahead of the State of the Union message last January—which failed to meet those expectations, as most overly touted events do.

With Perot out of the race, the strategies will focus on 12-15 key states, rather than forcing all the candidates to try to hit the full 50 with the same attention. Perot supporters initially are showing more enthusiasm in some areas for the Democrats, but a lot remain undecided and many do not favor big government.

Abortion and choice will affect the voting decisions of women—in both parties. This is an explosive moral and social issue, in which most women are deeply personally engaged. They know where

they stand individually. Whether this is the ultimate issue on which they choose to cast their ballot will depend on their own specific situation, and the importance of other issues in their lives.

California, as the microcosm of this highly diverse melting pot that is the United States, will be critical to the election outcome. Not only does California account for ———percent (check this number) of all the electoral college votes, but California has the largest Congressional delegation in the history of the U.S. A weak economy, reflecting a disproportionate share of the adjustment from lower defense outlays, comes out of a decade of disproportionate benefit from the defense build-up; an estimated 20 percent of all U.S. defense spending in the 1980s went to California. So, the bubble has burst from the days when there was a belief that the state was recession-proof to the reality of the 1990s when "peace broke out." Combined with burgeoning population growth from many ethnic minorities, natural disasters—earthquakes, drought, forest fires—and the Los Angeles riots, California is a state in turmoil.

Diverse groups will be clamoring for the right policy moves from the candidates. From Orange County conservatives, San Francisco gay militant activists, agricultural producers under attack from environmentalists, environmentalists with the most radical agenda in the U.S. and highly skilled defense industry workers out of a job, Asians (the fastest growing population group) and Black Americans in burned-out parts of Los Angeles, the voices of California's disparate interests reflect the national panorama.

It is a wise politician who never underestimates his opponent. The Democrats learned that in August 1988 when George Bush rose to his brightest moment in public perceptions and carried that through to a resounding victory in November.

His win was not just due to effective Republican negative campaigning, although Democrats laid the blame on that strategy. American voters are smarter than politicians believe them to be. They listen to what they are being told, and usually rely on their common sense to guide their choice among candidates.

The Clinton-Gore ticket is, by all initial appearances, strong, although it could narrow in its appeal as the season wears on and questions are raised about their records and positions. Voters will have to decide whether they are the agents of change they trust.

President Bush still has the ability to turn around perceptions. His international leadership is unchallenged. Americans know this, although the Democrats will seek to unravel the great victory of Desert Storm by discrediting his handling of foreign policy that led up to the action.

George Bush has a difficult task ahead in portraying himself as an agent of change, given that he has been at the helm of government, or beside the sitting president, for the past twelve years. If current Secretary of State James Baker comes in to take over the campaign in August, as expected, it will give a boost to the President's efforts due to his keen political sense, his ability to manage and his close relationship with Mr. Bush.

Only George Bush, however, can do what is necessary for him to win this election. To do so he will have to communicate better the major changes that he has been trying to implement. He will have to convince the American people that less government, rather than more government, is in most cases the most positive change for their greatest empowerment and opportunity. He will have to convince them that his vision and domestic agenda can succeed. Most of all, he will have to demonstrate the confidence and commitment that inspires voters to trust him in getting the job done.

THE WHITE HOUSE
WASHINGTON

TO SKS

FYI

file

- Cam



DRAFT
Not for Public Distribution

JULY 27, 1992

TO: Cam Findlay

FROM: Ana Guevara *AMG*
Phone: 366-4897
Fax: 366-7417

SUBJECT: Treatment of Safety Standards (Weights and Dimensions)
in the North America Free Trade Agreement (NAFTA).

Nothing in the NAFTA would threaten highway safety in the United States. Canadian and Mexican motor carriers that wish to operate in the United States must use drivers and vehicles that meet all U.S. safety regulations. No exemptions were created in the NAFTA.

The NAFTA establishes a schedule for harmonization of technical and safety standards for rail, motor carriers and transport of hazardous materials. Actual harmonization will occur under continued trilateral consultation over the next several years. It was agreed that harmonization of standards would not lead to lower safety standards in North America. The buzz word is "enhancement" of safety standards.

Over the long term, harmonization of each of our three countries' safety standards will facilitate enforcement and ensure full equipment compatibility. This will improve the efficiency of truck operations and reduce shipper costs, and create new trade opportunities for equipment manufacturers.

The United States and Canada are harmonized for the most part, although Canada does allow heavier vehicle weight on its highways than we do.

We have been working with Mexico at an accelerated pace since 1989 through the U.S.-Mexico Transportation Working Group to do the same. In general, this has meant that Mexico has raised its standards to mirror ours. Like Canada, Mexico allows the use of heavier vehicle weights on its highways than we do. Another issue we have with Mexico is that it does not allow 53-foot trailers on its highways. Our industry wants desperately to be able to take 53-foot trailers into Mexico.

NAFTA TRANSPORTATION

Q. Does the NAFTA Land Transport provision establish equal access and investment opportunities for motor carriers in the United States and Mexico?

A. Yes. At present, laws and regulations on both sides of the border impose various costs and restrictions on cross-border cargo movement that impede the flow of commerce and burden industries, agriculture, and ultimately, consumers. The NAFTA establishes a phase-out for the elimination of those obstacles in a symmetrical basis on both sides of the border.

Q. How are safety issues addressed in the NAFTA?

A. Nothing in the NAFTA would threaten highway safety in the United States. Canadian and Mexican motor carriers that wish to operate in the United States must use drivers and vehicles that meet all U.S. safety regulations. No exemptions were created in the NAFTA.

The NAFTA established a schedule for harmonization of technical and safety standards for rail, motor carriers and transport of hazardous materials. It established a process for continued trilateral consultation on safety standards and increased transparency in the Mexican regulatory process. The Agreement envisions most of the harmonization effort being completed in three years.

Over the long term, harmonization of each of our three countries' safety standards will facilitate enforcement and ensure full equipment compatibility. This will improve the efficiency of truck operations and reduce shipper costs, and create new trade opportunities for equipment manufacturers.

Q. What type of agreements were made on harmonization of motor vehicle size and weights?

A. The topic of weights and dimensions has been identified by all three countries as an issue that should be discussed as part of safety harmonization, and as such is included in the NAFTA schedule for harmonization. Harmonized standards for size and weight were not specified in the Agreement.

Size and Weight standards fall under the safety harmonization process established in the NAFTA. As mentioned above, specific standards for size and weight were not specified in the Agreement. Such work will be done in the next three years by technical experts of all three countries.

Cam, you should know that the issue of size and weights harmonization will probably be the most problematical of all the safety regulations. For example: It is not simply correct to say that lighter trucks are better or that shorter or longer trucks are more safe. Off the record, I can't say that a consensus even exists in the Department, much less in the trucking industry. Views of the rail industry must also be considered. They, of course, don't want to compete with trucks that have a higher capacity to carry goods. Shippers want lower costs, and if they can get that with longer or heavier trucks all the better. Others argue that heavier trucks ruin the highways. So you can see, Cam, that it is not a clear cut issue. Finally, the size and weight regulations have been traditionally set by Congress, and the technical experts working on harmonization may be limited as to changes on these standards.

Harmonization of size and weight standards may be one of those areas where we do not reach agreement. It may be resolved by agreeing that each country will keep its own standards. Foreign vehicles will be required to meet the size and weight standards of the country in which it is operating. Another words, "you can do whatever you want in your own country but while in Rome, do as the Romans do".

Even this seemingly smart compromise will make some industry angry. U.S. motor carriers do not want to have two different fleets: 53-foot trailers for the United States, and 48-foot trailers for Mexico. This would raise costs and cause inefficiencies since cargo destined for Mexico would be required to be off-loaded from 53-foot trailers and loaded onto 48-foot trailers. (see paragraph 3. With harmonization we get what's listed in paragraph 3, without harmonization we get the opposite. This is a good example of that.)

Bottom Line → In addressing concerns from the industry, it is best not to try to guess what the outcome will be for harmonization of size and weights. We can say that: 1) nothing in the NAFTA will threaten highway safety, 2) the NAFTA sets up a schedule for harmonization, 3) no standards for size and weights were specified in the NAFTA, and 4) the actual harmonization will be done by technical experts in the coming years.

Attached are some Qs and As. I hope this helps. Please give me a call if you have any questions.

aguevara/mexico/fta/findlay

Bill

CLAYTON YEUTTER

S. Skinner

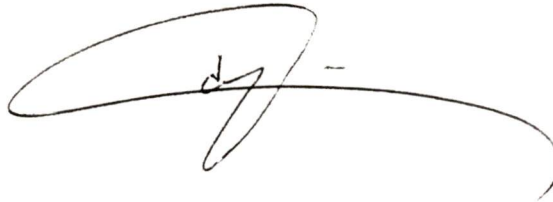
DCF HAS SEEN

Jul. 27, 1992

To Bob Teeter

Bob, as you know, Clinton has been trying hard to separate himself from Democratic members of Congress, and especially the Democratic Congressional leadership. Someone suggested to me a few days ago that we ought to counter that with a Tinker to Evers to Chance routine--meaning references to Mitchell, Clinton and Gore or to Foley, Clinton and Gore--or whomever else we might want to include in such a triumvirate.

For your consideration; no need to acknowledge.

A handwritten signature in dark ink, appearing to be "CY", with a long horizontal flourish extending to the right.

Shoared POTUS

THE WHITE HOUSE
WASHINGTON

DCF HAS SEEN

DATE: Jul. 28, 1992

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Sam, it looks like the earliest Salinas could ask for permission to leave the country would be on Mon., Aug. 3. Carla doesn't want to raise the matter while she is still negotiating over the weekend, because that could reduce her leverage.

Apparently Jaime Serra has a commitment out of the country on Tuesday, which means the earliest we could have a handshake would be Wednesday. But with the President out on Wed. and Thurs., it may not be practical to do anything until Friday morning. Carla believes she can orchestrate the wrap-up in such a way as to make that work if Friday is the day we pick.

I like doing it closer to the Congressional departure than we had originally contemplated. That leaves Gephardt and others less time to dump on the agreement before they leave. It also puts the initialing/notification process after the convention, which gives us some flexibility on when that occurs. 

DISCUSSION ITEMS FOR THE CHIEF OF STAFF

DATE: Tuesday, July 28, 1992

SUBJECT	SKS	STAFF
1. Review Schedules for Tuesday and Wednesday		
2. <u>Chicago Tribune</u> editorial SEE TAB A		
3. Note from Ken Guenther SEE TAB B		
4. Convention Keynote Speaker Tab C	R.T.C.	
5. Gephardt's comments on fast track authority for FTA with Mexico Tab D		
6. NAFTA Tab E		

DISCUSSION ITEMS FOR THE CHIEF OF STAFF

DATE: _____

SUBJECT	SKS	STAFF
1. <u>DORRAN</u>	Constitution Role (?)	
2. Kemp yetter/DARRMAN		
3. Clayton Yeutter note Tab F		
4.		
5.		
6.		

DISCUSSION ITEMS FOR THE CHIEF OF STAFF

DATE: Wednesday, July 29, 1992

SUBJECT	SKS	STAFF
1. Review Schedules for Wednesday and Thursday		
2. Carol Brookins' Memo SEE TAB A	<i>Can to Peters</i>	
3. <u>Chicago Tribune</u> editorial SEE TAB B		
4. Note from Ken Guenther SEE TAB C		
5. Gephardt's comments on fast track authority for FTA with Mexico SEE TAB D		
6. NAFTA SEE TAB E		



UNITED STATES DEPARTMENT OF EDUCATION

DCE HAS SEEN

THE SECRETARY

July 29, 1992
32 JUL 30 P 1:25

TO
Long Range
Scheduling

MEMORANDUM FOR SAM SKINNER

From: Lamar Alexander *Lamar*

Subject: APEC Ministerial

As we have discussed, the President's AMERICA 2000 agenda for creating the best schools in the world for our children needs to include:

1. Working sessions with the President at which he would interact with those "in the trenches" on each of the four revolutionary ideas he has proposed as key to creating the best schools in the world;
2. Visits to communities that are transforming education and creating the best schools in the revolutionary ways he has proposed.

The upcoming meeting of education ministers from the Asian Pacific region in Washington, D.C. on August 5 and 6 called for by the President in his January visit to Australia presents us with an opportunity to do this on one of the revolutionary ideas: World-Class Standards and a voluntary national system of exams. This is an idea which often is difficult to grasp. In brief, we want to define what we expect students to know and be able to do at key points in their education so that they can be competitive with the best students in the world--World-Class Standards. And we want to create a public reporting system so parents and others know whether each student is achieving to World-Class Standards--a voluntary national system of exams.

We've made great progress on this revolution for which the President should take credit. Math standards are now in place and we are supporting the standards development process in history, geography, science, arts, civics and soon in English. Many of the national leaders of this activity will be in Washington next week for the Ministerial and Symposium we are convening prior to the Ministerial.

DO NOT WRITE IN THESE SPACES

file

regretted
to Agnes in
Sec. Alexander

THE WHITE HOUSE
WASHINGTON

Office
8/3/92

KT.

02 JUL 30 P5:26

Kathy.

Just a heads up
on this. I just
got a copy.

Sam. may call
you.

BS

Page 2

I believe the President should take advantage of this unique and unprecedented opportunity. If the President's schedule allows, I would like to recommend a working session with the President on Wednesday morning, August 5, with those leading the U.S. standard setting efforts, followed by a Presidential visit to the Ministerial that would open the meeting of ministers. I hope we can arrange this.

cc: Brent Scowcroft
Ede Holiday





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

Telephone: (202) 401-3000

Fax Number: (202) 401-0596

FAX COVER SHEET

MESSAGE

TO: Brenda

FAX NUMBER: 456-2560

FROM: _____

FYI -

Agnes



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

July 29, 1992

MEMORANDUM FOR SAM SKINNER

From: Lamar Alexander *Lamar*

Subject: APEC Ministerial

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Page 2

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cc: Brent Scowcroft
Ede Holiday



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

02 JUL 27 A8:22 July 22, 1992

See 7/23
To Kathy Supan
"everyone"?
What day anyone?

MEMORANDUM FOR SAM SKINNER

FROM : LAMAR ALEXANDER *Lamar*

SUBJECT: Education Ministerial

On August 5 and 6, the meeting of education ministers from the 15 Asia-Pacific Economic Cooperation (APEC) countries will take place in Washington. This ministerial has been convened as the result of the invitation that President Bush issued in Canberra, Australia earlier this year. I attach a copy of the draft schedule for the ministerial and related events.

The theme of the ministerial is to be "Education Standards for the Twenty-First Century." High education standards provide a firm foundation for the economic vitality of many Asian/Pacific countries. To maintain our economic and cultural strength in an increasingly competitive world, we must better understand their systems and establish high standards for our students. This is one message from the President's AMERICA 2000 education strategy.

6-7pm If his schedule permits, the ministerial could provide the President with an opportunity to emphasize the urgency of implementing his education reform proposals. I would suggest his participation at either the Tuesday evening reception at the State Department, or the opening of the ministerial on Wednesday morning.

9am - Georgetown Univ. Conference Center

In conjunction with the ministerial, the Department of Education has planned an education symposium on August 3 and 4, to bring together U.S. and international experts, ministers and their delegations, and members of the press to explore topics related to the ministerial theme. The draft schedule for the symposium is also attached.

Attachments

cc: Hon. James A. Baker, III
Hon. Brent Scowcroft

July 21, 1992

GENERAL AGENDA -- DRAFT
Symposium and APEC Ministerial Meeting on:
Education Standards for the Twenty-First Century

Hosted by the United States Department of Education

Unless otherwise noted, all events are at:
Georgetown University Conference Center
3800 Reservoir Road, N.W.
Washington, D.C. 20057

Planning Sessions

Sunday, August 2

Planning session for symposium lead speakers and panel speakers

6:30pm-7:30pm Chaired by Diane S. Ravitch, Assistant Secretary for Educational Research and Improvement and Counselor to the Secretary, and Bruno V. Manno, Acting Assistant Secretary for Policy and Planning

Monday, August 3

Planning session for APEC member senior officials on ministerial declaration document

9:00am-12:00pm Chaired by Bruno V. Manno, Acting Assistant Secretary for Policy and Planning

Symposium

Monday, August 3

Registration for Symposium

1:30 pm-2:30 pm

Welcome and Opening Remarks

2:30-2:45 Lamar Alexander, U.S. Secretary of Education

Topic 1: Designing Schools for the 21st Century

2:45-2:55 Introduction by symposium chair:
Diane S. Ravitch, Assistant Secretary for Educational Research and
Improvement and Counselor to the Secretary

2:55-3:10 Lead speaker
3:10-3:50 Panel presentations
3:50-4:20 Speaker/panel discussion
4:20-4:50 Open discussion and questions, with the audience

Tuesday, August 4

Registration (for new attendees only)

9:00 am-9:30 am

Topic 2: Development of Standards for Curricula and Assessment (special focus on mathematics)

9:30-9:40 Introduction by symposium chair:
9:40-9:55 Lead speaker
9:55-10:35 Panel presentations
10:35-11:05 Speaker/panel discussion
11:05-11:30 Open discussion and questions, with the audience

Lunch (on your own)

11:30-1:30

Topic 3: Teacher Development: Standards and Reform

1:30-1:40	Introduction by symposium chair:
1:40-1:55	Lead speaker
1:55-2:35	Panel presentations
2:35-3:00	Speaker/panel discussion
3:00-3:30	Open discussion and questions, with the audience

Synthesis and Conclusions

3:30-4:00	Diane S. Ravitch (symposium chair)
-----------	------------------------------------

Meeting of APEC Education Ministers

Tuesday, August 4

Reception for Ministerial Delegates, Symposium Lead Speakers and Panel Speakers, and Invited Guests of the United States

6:00pm-7:30pm Hosted by the U.S. Secretary of Education at the U.S. Department of State, Ben Franklin Room

Wednesday, August 5

Welcome and Introduction

9:00am-9:30am Lamar Alexander, U.S. Secretary of Education

Presentations by Ministers: *"The Meaning of Education Standards for the 21st Century to Individual APEC Members"*

9:30-12:00 Australia
 Brunei Darussalam
 Canada
 People's Republic of China
 Hong Kong
 Indonesia
 Japan
 Republic of Korea

Lunch for Ministerial Delegations

12:00-2:00 Hosted by the U.S. Secretary of Education

Presentations by Ministers (continued)

2:00-4:00 Malaysia
 New Zealand
 Philippines
 Singapore
 Chinese Taipei
 Thailand

General Discussion by Ministers

4:00-4:50 Chaired by Secretary Alexander

Information Item

4:50-5:00 UMAP (Proposal referred by HRD Working Group)

Wednesday, August 5 (continued)

Ministers-Only Dinner

7:00pm-9:00pm Hosted by the U.S. Secretary of Education at Blair House

Thursday, August 6

Closed Session -- The Ministerial Declaration and Follow-Up Activities

9:30 to about 11:30

Press Conference

About 11:30 APEC Education Ministers

July 21, 1992

Symposium Agenda -- DRAFT
Symposium on: *Education Standards for the Twenty-First Century*
Sponsored by the United States Department of Education

Unless otherwise noted, all events are at:
Georgetown University Conference Center
3800 Reservoir Road, N.W.
Washington, D.C. 20057

Sunday, August 2

Planning session for symposium lead and panel speakers and chair

6:30 pm-7:30 pm Chaired by Diane S. Ravitch, Assistant Secretary for Educational Research and Improvement and Counselor to the Secretary, and Bruno V. Manno, Acting Assistant Secretary for Policy and Planning

Monday, August 3

Registration for the symposium

1:30 pm-2:30 pm

Welcome and Opening Remarks

2:30-2:45 Lamar Alexander, *U.S. Secretary of Education*

Topic 1: Designing Schools for the 21st Century

2:45-2:55 Introduction by symposium chair

Diane S. Ravitch (U.S.A.)
*Assistant Secretary for Educational Research and Improvement and
Counselor to the Secretary, U.S. Department of Education*

2:55-3:15 Lead speaker

(U.S.A) *New American Schools Development Corporation*

3:10-3:50 Panel presentations

Chon Sun Ihm (Republic of Korea)
*Director, Economic and Industrial Education Research Division, Korean
Educational Development Institute*

Tang Qian (People's Republic of China)
*Division Chief, Department of Vocational and Technical Education
State Education Commission*

Monday, August 3 (continued)

Peter Ramsey (New Zealand)
Professor of Education, Waikato University

3:50-4:20 Speaker/panel discussion

4:20-4:50 Open discussion and questions, with the audience

Tuesday, August 4

Registration (for new symposium attendees only)

9:00 am-9:30 am

Topic 2: Development of Standards for Curricula and Assessment (special focus on mathematics)

9:30-9:40 Introduction by symposium chair:

Diane S. Ravitch

9:40-9:55 Lead speaker

Shinjo Okuda (Japan)
Director General, Toyko Metropolitan Institute for Educational Research

9:55-10:35 Panel presentations

Roger F. Palmer (Canada)
Assistant Deputy Minister, Student Programs and Evaluation, Ministry of Education, Ontario

Sa-Ngob Laksana (Thailand)
Director, Education Research and Planning Center, Ministry of Education

John Lindsay Clark (Hong Kong)
Director, Institute of Language in Education and Assistant Director of Education, Education Department

Iris Carl (U.S.A)
Past President, National Council on Teachers of Mathematics

10:35-11:05 Speaker/panel discussion

11:05-11:30 Open discussion and questions, with the audience

Lunch (on your own)

11:30-1:30

Topic 3: Teacher Development: Standards and Reform

1:30-1:40 Introduction by symposium chair: Diane Ravitch

1:40-1:55 Lead speaker

Alan Ruby (Australia)

*First Assistant Secretary, Schools and Curriculum Division, Department of
Employment, Education and Training*

1:55-2:35 Panel presentations

John S.K. Yip (Singapore)

Director of Education, Ministry of Education

Ming-ching Wu (Chinese Taipei)

*Professor and Chairman, Department of Elementary Education, National
Taipei Teachers College*

Harold Stevenson (U.S.A.)

*Professor of Education, University of Michigan, and Director, Center for
Human Growth and Development*

2:35-3:00 Speaker/panel discussion

3:00-3:30 Open discussion and questions, with the audience

Synthesis and Conclusions

3:30-4:00 Diane S. Ravitch (symposium chair)

Reception for APEC delegation members, symposium speakers and panel discussants, and other invited guests of the United States

6:00-7:30 Hosted by Lamar Alexander, U.S. Secretary of Education at the U.S. Department of State, Ben Franklin Room

July 21, 1992

THE WHITE HOUSE

WASHINGTON

July 30, 1992

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL K. SKINNER 
SUBJECT: MEETING WITH MODERATES

We spoke to Sherrie Boehlert today. He and Jim Leach will be meeting with Bob Teeter, Nick Calio and me next week at the White House, along with about four other Congressmen.

6-946
C41
DCF HAS SEEN



THE PRESIDENT

July 30, 1992

To/Sam Skinner and Bob Teeter
cc Nick Calio

Last night at House of Rep. Gym Dinner both Sherrie Boehlert and Jim Leach asked me to visit with the 'moderates'. They have been loyal supporters.

Will one of you set up a meeting right away. Invite both of them down. Find out what is on their mind and then, if needed, I will meet with them.

Please talk to each other on this today and be sure they are contacted today.

Thanks,

S

cc: Can

THE WHITE HOUSE
WASHINGTON

File
DCF HAS SEEN

7/31/92

SKS:

Boyden Gray and staff have been speaking with Lynn Martin's chief of staff and feel that Secretary Martin has been responded to. If you need anything further done, Counsel's office would be happy to do it.

SSS

THE WHITE HOUSE

WASHINGTON

July 21, 1992

MEMORANDUM FOR BOYDEN GRAY

FROM: SAM SKINNER

The enclosed memo from Lynn Martin's Chief of Staff is self-explanatory. Obviously Secretary Martin was not up to date on this issue and raises the question as to whether or not the White House is moving forward executive orders without prior consultation of cabinet members.

I would appreciate it if you would bring me up to date on this matter and prepare a response for my signature to Secretary Martin.

cc: Ede Holiday

7/30 Checked Sue Yates

U.S. Department of Labor

Chief of Staff to the
Secretary of Labor
Washington, D.C. 20210



July 20, 1992

MEMORANDUM FOR SAM SKINNER

FROM:

JOHN SCHALL *JAS*

SUBJECT:

Proposed Executive Order on Risk Assessment

As a followup to your conversation with Lynn Martin on Friday, Lynn wanted me to inform you of what we know about the proposed Executive Order on Risk Assessment. Attached is a story that appeared in BNA's Daily Labor Report.

Lynn first heard of the proposed Executive Order when a CNN reporter asked her about it on Monday morning. We were caught unaware, and I immediately asked Cabinet Affairs to track it down for us. Cabinet Affairs said those they checked with in the White House denied there was any such Executive Order. When I had gathered a little more information, I asked Cabinet Affairs to check again. Cabinet Affairs, after another check, said that the same White House staff, including Counsel's Office, continued to deny there was any such proposal.

You can imagine our surprise when we read the attached article on Tuesday morning. I can only conclude that Cabinet Affairs was not told the complete truth.

Lou Sullivan first heard about it from Lynn Martin at lunch on Monday. Bill Reilly first heard about it from the press when he was on the road in Seattle.

We had heard a Wall Street Journal reporter was interested in the story from the standpoint that the idea was floated without consulting the relevant Cabinet officers. Lynn spoke with both Lou Sullivan and Bill Reilly and, as she expressed to you, they were all extremely frustrated that they first read or heard of this in the press.

Please call me on 523-8274 if I can provide you with any additional information.

Attachment

7-14-92

(No. 135) A - 1

BNA's Daily Reporter System

DAILY LABOR REPORT

**CURRENT
DEVELOPMENTS
SECTION****WHITE HOUSE REPORTED TO BE DRAFTING
NEW EXECUTIVE ORDER ON RISK ASSESSMENT**

President Bush is expected early next month to establish a new system for executive review of the scientific assessments of health and safety risks used by federal agencies including the Occupational Safety and Health Administration, according to White House sources.

The president is expected to issue an executive order to consolidate and to standardize the scientific considerations used by agencies in regulating against risks to human health and the environment, placing a strengthened focus inside the executive branch on review of the agencies' work and its conformity with administration policy.

White House officials believe the president's executive order will serve as a tool to curb attempted policymaking by federal regulators charged with writing safety and health rules, and will consolidate executive authority to review rules for their costs and benefits, as well as the scientific considerations that go into managing risk.

According to White House sources, the president is expected to announce the creation of a new executive branch entity responsible for risk analysis, review, and coordination. The most heated controversy within the administration has been whether the new office should be placed within the office of the president or elsewhere in the executive branch, specifically in affiliation with the Office of Science and Technology Policy.

Placement Of New Review Office

Some in the White House, including Counsel C. Boyden Gray, are interested in securing for the new review office the kind of scientific clout OSTP can provide, while also linking it with the rulemaking review process already established within the Office of Management and Budget's Office of Information and Regulatory Affairs.

OSTP Director D. Allan Bromley, who also serves as the president's assistant for science and technology policy, has told White House officials that he is not interested in taking on a new role with risk assessment review, according to one source. Another source said Bromley will exact a price, presumably additional staffing and resources, if OSTP incorporates the new office, which will have its own executive director. Bromley declined to comment on the president's order.

The executive director will have broad authority to review the work of such agencies as OSHA, the Environmental Protection Agency, and the Food and Drug Administration, and to order that regulatory agencies evaluate "any additional relevant data from any appropriate source" as part of risk assessment, White House sources said.

"Such authority already exists," one White House source said. "The president already has the authority—it isn't anything new. Executive orders don't enlarge the president's authority, they merely state the authority he already has under law."

Terms Of Proposed Order

According to White House sources, the president's order is expected to require preparation of a risk assessment before taking any regulatory action related to health or safety risks. The assessment must examine hazards and exposures to harmful substances, identifying the "full range of reasonably foreseeable and significant adverse effects on health, safety or the environment," taking into account the science behind the assessment. Regulators would have to show that they have estimated the likelihood of each hazard and exposure possibility, according to sources.

A - 2 (No. 135)

CURRENT DEVELOPMENTS

(DLR) 7-14-92

This information on hazards and exposures would be combined into an overall risk characterization that compares the risks to other common risks in an understandable way, and discusses possible weaknesses in the measurement or science used in the risk assessment. Regulators also would have to show a full analysis of the various alternatives to the risk management—or rulemaking—responses under consideration, including expected benefits and costs.

Discussion of the costs associated with risk management are expected to include a controversial administration approach that considers the costs to a person's income, wealth or other conditions that would also have a negative impact or risk. Known as the "wealth/health" concept, it would consider the risks of job loss or loss of income from regulations.

According to White House sources, the order would include a role for public comment in that regulatory agencies would have to include their risk assessments or risk analysis as part of their notices of proposed rulemaking or final rules, with a request for public input.

Agencies unhappy with the requirements of the new risk analysis office likely would follow the same appeal process now used in the regulatory analysis performed by OMB, meaning they could take their concerns to the Vice President Dan Quayle's Council on Competitiveness or to the president.

The order is expected to address new rulemaking only, but agencies that want to go back to existing regulations and review their risk assessments would be able to do so, using the new executive branch review process, according to sources.

Environmental Group Voices Concern

Some Democratic members of Congress and environmental groups are concerned that the president is trying to thwart the regulatory agencies by placing an expanding and increasingly active regulatory review effort within the office of the president, where public disclosure and congressional oversight are rare.

The Natural Resources Defense Council sent Gray a letter July 2 seeking to halt consideration of the executive order, or to at least expand the public participation to include environmental and other public advocacy groups. "Any executive order transferring authority for risk assessment methodology out of the expert executive agencies and into the political control of the Council on Competitiveness would be highly provocative," NRDC wrote.

"Neither the council, OMB nor even OSTP have the required scientific expertise or experience to make informed judgments about what are essentially rapidly evolving scientific issues. They do not operate under principles of public participation and review," NRDC said. "Their reach for the heart of risk assessment would emasculate the technical expertise and the public oversight that lie at the core of our system of health, safety, and environmental regulation."

One White House source rejected suggestions that Bush's order is a blatant power grab to expand cost-benefit analysis to the realm of science. "The agencies will retain all responsibility for performing risk assessments," the source told BNA. "This requires the assessments to be rigorous, consistent across-the-board, and to employ the latest in risk assessment technology."

The White House has maintained a tight lid on details regarding the drafting of the executive order, which has been under discussion for months. White House officials have consulted with about 12 to 15 representatives of the scientific community to discuss the order, and Gray and others have been briefing representatives of federal agencies during the last few weeks. As of last week, however, it appeared neither OSHA nor EPA had received briefings on the order.

John D. Graham, director of risk analysis at the Harvard School of Public Health confirmed that he has met several times with White House officials, and provided information in writing about the order, but he declined to discuss his input with BNA until Bush issues his

SENT BY:OFFICE OF SECRETARY : 7-20-92 :11:33AM :

DOL- West Wing (1st Flr):# 5/ 5

7-14-92 (DLR)

CURRENT DEVELOPMENTS

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instructions. The Harvard Center for Risk Analysis July 1 issued recommendations for improving cancer risk assessment, which it sent to EPA and the National Academy of Sciences.

- 0 -

THE WHITE HOUSE
WASHINGTON

SHOWED
POCUS

DATE: Jul. 31, 1992

DCF HAS SEEN

TO: S. Skinner

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Sam, Wayne Berman called today to thank me for holding Pepe Fanjul's hand yesterday on the NAFTA sugar negotiations, and also for encouraging Carla Hills and Jules Katz to do anything they can that might defuse the issue. Wayne told me that he had also called Jaime Serra directly to emphasize the political significance of this issue here in the U.S., but said he got a cold shoulder from Serra.

Notwithstanding our efforts, the sugar producers have concluded that Amb. Hills and her team just did not push hard enough on behalf of their interests. I do not share that view, but they're a demanding group that has typically gotten its way with the U.S. government. So they're piqued, and apparently they are now going to launch an independent committee in which their goal is to raise \$10 million---allegedly to oppose the President, and presumably the NAFTA as well, though this

THE WHITE HOUSE
WASHINGTON

DATE: _____

TO:

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

is a bit nebulous at the moment.

I just wanted you to be aware of this,
in case it stimulates further phone calls
from Florida or significant press interest.
Berman believes they'll announce this
either tomorrow or Monday.

A handwritten signature in dark ink, appearing to be 'CY' or 'Clayton Yeutter', with a long horizontal line extending to the right.

THE WHITE HOUSE
WASHINGTON

DATE: Jul. 31, 1992

TO: S. Skinner

*SHOWED
POTUS*

FROM: CLAYTON YEUTTER
Counsellor to the President for
Domestic Policy

Sam, as a followup to our senior staff meeting a couple of days ago, I've had French Hill and Todd Buchholz working on some summaries of what we've had before Congress in the way of economic proposals since 1989. The attached are just drafts, but I thought you might like to peruse them. One is organized by subject matter, the other chronologically. Both need some more polishing early next week, but they could be useful documents, for us and for the campaign.

French also has Treasury running some ball park numbers on what impact enactment of these proposals might have had on the growth rate, unemployment rate, etc. Those numbers should be available early next week too.

A large, stylized handwritten signature, possibly reading 'CJ', is written in dark ink at the bottom of the page.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

March 20, 1992

Major Administration Legislative Initiatives
That Have Not Received Favorable Congressional Action

FACT SHEET

Since 1989, President Bush and his Administration have transmitted to the 101st and 102nd Congresses a comprehensive economic and domestic agenda of initiatives designed to provide sustained economic growth and undertake fundamental reform in critical areas such as education, crime, health, banking, trade, energy, the environment, and civil justice. During the last three years, the Congress has failed to implement much of the President's economic and domestic agenda.

The President's legislative initiatives that have not been enacted by the Congress include:

1. Economic Growth

- Savings and Economic Growth Act of 1990
- Economic Growth Tax Act of 1992

On February 1, 1990, the President transmitted to the Congress the Savings and Economic Growth Act of 1990. This legislation provided a comprehensive and balanced program to stimulate domestic savings and lower the cost of capital through family savings accounts, a capital gains tax rate reduction, and provisions to stimulate home ownership.

On January 29, 1992, the Administration transmitted to the Congress the Economic Growth Tax Act of 1992. The President's plan includes provisions that would stimulate economic recovery and job-creating investment; open up opportunity for home ownership and real estate recovery; and help families build for the future.

2. Education

- Educational Excellence Act of 1989
- AMERICA 2000 Excellence in Education Act of 1991

On April 5, 1989, the President transmitted to the Congress the Educational Excellence Act of 1989. This education reform bill rewarded educational achievement, promoted greater choice and flexibility, targeted Federal funding on the neediest students, and ensured greater accountability for results. Two years later, on May 22, 1991, the President transmitted the AMERICA 2000 Excellence in Education Act that included provisions designed to accomplish four important goals:

- Create better and more accountable schools for today's students;
- Create a new generation of American schools for tomorrow's students;
- Transform America into a nation of students; and
- Make our communities places where learning will happen.

3. Crime

- Comprehensive Violent Crime Control Act of 1989
- Comprehensive Violent Crime Control Act of 1991

The President has twice submitted comprehensive legislation to combat violent crime, on June 15, 1989, and on March 11, 1991. This legislation includes an enforceable Federal death penalty, reform of habeas corpus procedures, reform of the exclusionary rule, and enhanced penalties for crimes committed with a firearm. This legislation is intended to protect America's citizens and their property so that they can live in a society where they are safe and feel secure. Those who commit violent crimes should, and must, be held accountable for their actions. The President's crime legislation would ensure that our criminal justice system has as its principal objective the swift and certain apprehension, prosecution, and incarceration of those who break the law.

4. Energy

- National Energy Strategy Act of 1991

On March 4, 1991, the Administration submitted to Congress the National Energy Strategy Act of 1991, a comprehensive and balanced plan designed to reduce our energy vulnerability. By the year

2010, this legislation, in conjunction with initiatives already undertaken, will:

- reduce domestic oil demand by 3.4 million barrels per day below projected levels;
- increase domestic oil production by 3.8 million barrels per day above projected levels;
- add more than half a million new jobs to our economy;
- increase the use of alternative transportation fuels, such as compressed natural gas, ethanol, and methanol;
- increase the electricity produced from renewable sources, such as solar, hydropower, and geothermal by 16 percent;
- improve air quality by reducing emissions of pollutants that contribute to acid rain and smog.

5. Banking Reform

- Financial Institutions Safety and Consumer Choice Act of 1991
- Financial Institutions Safety and Consumer Choice Act of 1992

On March 20, 1991, the Administration transmitted to the Congress the Financial Institutions Safety and Consumer Choice Act of 1991. This comprehensive legislation was designed to reform and modernize our financial system by permitting inter-state banking and branching, as well as broader financial activities, and by improving bank supervision.

On December 19, 1991, the President signed into law the Federal Deposit Insurance Corporation Improvement Act of 1991. The legislation omitted most of the Administration's key proposals, and represented an exceedingly narrow approach to reform -- long on additional regulatory burden for banks and devoid of provisions that would strengthen the banking industry by addressing its underlying problems.

On February 4 and 7, 1992, Representative Michel and Senator Dole, respectively, introduced on the President's behalf the Financial Institutions Safety and Consumer Choice Act of 1992 as part of his economic growth package. This legislation includes the key elements that Congress omitted from the 1991 legislation, including inter-state banking and branching and broader financial activities for banking organizations. If enacted, this legislation would modernize America's outmoded banking system so

that it can attract needed capital and better perform its traditional role of financing jobs and growth in the economy.

6. Health Reform

- Health Care Liability Reform and Quality of Care Improvement Act of 1991

The President proposed the Health Care Liability Reform and Quality of Care Improvement Act of 1991 on May 15, 1991, providing incentives to States to adopt reforms with proven effectiveness. They include capping non-economic damages, eliminating joint and several liability for non-economic damages, eliminating the collateral source rule that allows for double recovery, and allowing the payment of awards on a periodic basis rather than a lump-sum basis. States would also be required to make available pretrial alternative dispute resolution mechanisms and implement quality assurance reforms to reduce the incidence of malpractice. As part of his Comprehensive Health Reform Program announced on February 6, 1992, the President called for additional reforms, including changing rules to permit either party in a malpractice claim to ask for out-of-court dispute resolution. If the other party refuses and loses at trial, that party would have to pay the other's legal fees.

7. Trade

- Enterprise for the Americas Initiative Act of 1991

On February 26, 1991, the President asked Congress to enact the Enterprise for the Americas Initiative Act of 1991. The Act would provide authority to reduce debts owed by countries in Latin America to the U.S. Government, and provide funds to the Inter-American Development Bank's Multilateral Investment Fund. The legislation has not been enacted (although authority to reduce debt related to food was provided in the 1990 Farm Bill).

8. Economic Opportunity

- Enterprize Zone - Jobs Creation Act of 1991
- Community Opportunity Act of 1991

The President submitted legislation specifications to Congress on July 25, 1989, and the Department of Housing and Urban Development submitted legislation on February 25, 1991, to help attack urban poverty and promote investment in economically distressed neighborhoods. Enterprize zones, by targeting tax incentives and regulatory relief to some of our country's most economically depressed areas, will attract new seed capital for small business start-ups, create new incentives for entrepreneurial risk-taking

and reduce highly restrictive tax rates on those seeking to move from welfare to work.

Likewise, the Community Opportunity Act of 1991, submitted on May 3, 1991, was designed to enable local communities to develop "community opportunity systems" and allow them to restructure Federal programs to provide services and benefits in ways that the community deems best to meet the needs of the individuals and families served. Through the use of Federal waivers, communities would be able to develop their own strategies to integrate, combine, and restructure services and benefits at the community level, and to ensure that the individuals and families served are active participants in designing this system.

9. Government Reform

- Line-Item Veto Constitutional Amendment

The President has also long supported a line-item veto, a tool already used by 43 state governors, in order to control federal spending and cut the federal budget deficit. [He formally introduced such a proposal on April 25, 1990.]

10. Civil Justice Reform

- Access to Justice Act of 1992

The President's civil justice reform proposals, transmitted to the Congress on February 4, 1992, in the Access to Justice Act of 1992, will make America more competitive by making America less litigious. These reforms rely on market-type incentives to encourage potential parties and lawyers to consider costs before they decide to litigate. This legislation would:

- impose the "Fairness Rule" (i.e., the "Loser Pays" rule) in Federal diversity cases;
- promote alternative dispute resolution and more efficient court procedures; and
- require precomplaint notification in many cases in order to promote expeditious dispute resolutions, prior to court supervision.

Economic Growth

The President's Leadership vs. Congressional Failure

Beginning in 1989, the President presented the Congress with a comprehensive economic growth agenda to facilitate greater U.S. competitiveness. His agenda includes fundamental change and reform in: tax incentives for saving and investment, education, health, legal, and product liability reform, a national energy strategy, and comprehensive financial services reform.

Congress has stood by and bounced checks, held up nominations to key positions like Secretary of Defense, the Federal Reserve, and the Supreme Court. What have they done to improve American competitiveness, cut bloated federal spending, and create jobs? Let's review the record:

1989: Building A Better America

On February 9, 1989, 20 days after taking office, the President outlined his plan for "Building a Better America," in a 193 page supplement to the budget.

1. Budget Process Reforms to Cut Spending

The President called for the immediate enactment of:

- A Balanced Budget Constitutional Amendment
- A Line Item Veto
- Enhancing rescission authority that would require and up-or-down vote by Congress on Presidential rescission proposals.
- Individual Appropriations bills to avoid crisis-born, thousand page "continuing resolutions."

Congressional Action: None

2. Advancing Growth and Competitiveness

The President called for specific growth initiatives to create new businesses and jobs.

Tax Incentives

- Reducing Capital Gains tax rates to a maximum of 15 percent for long-held assets and eliminate capital

gains taxes for taxpayers with adjusted gross incomes below \$20,000 a year.

- Making the Research & Experimentation (R&E) tax credit permanent and improving R&E expense allocation rules to encourage continued growth of private domestic research and experimentation.
- Stimulating Domestic Oil and Gas Production and reducing dependence on foreign oil by:
 - providing tax incentives for exploratory drilling costs
 - urging decontrol of natural gas

Congressional Action: None

3. Investing in the Future

The President presented a comprehensive R&D budget of \$61.9 billion. Key programs included HPCC and SSC.

Congressional Action:

4. Investing in People

A. Education

Educational achievement of our Nation's children is a major determinant of future productivity and international competitiveness. The President's initiatives included:

- Rewarding successful schools whose students demonstrate substantial progress with a new program starting at \$250 million and rising to \$500 million.
- Creating a new \$100 million addition to the Magnet Schools Program to encourage curriculum innovation and to provide better opportunities for motivated students.
- Establishing a National Science Scholars Program to foster a greater commitment to science and mathematics education.
- In the Fall of 1989, the President convened a summit at the University of Virginia to develop a strategic plan for revolutionizing American education.

Congressional Action:

B. Expanding Economic Opportunities: Enterprise Zones

- Creating Enterprise Zones to expand economic opportunity for economically distressed areas, using tax incentives and regulatory relief to stimulate growth.

Congressional Action:

C. Ending the Scourge of Drugs

The President requested \$6 billion in FY 1990 to fight drugs, including nearly \$1 billion in new outlays for drug education, treatment, and enforcement. He also pushed for stiffer drug penalties.

- Drug Prevention: A new \$35 million community partnership grant program was proposed to stimulate more community involvement in drug prevention activities.
- Improving Drug Treatment: The President called for an 18 percent increase in drug abuse treatment funding.
- Drug Law Enforcement: Substantial funding increases were requested for the Drug Enforcement Agency, the Custom's Service, the State Department's Bureau of International Narcotics Matters, and the Drug Interdiction budget of the Coast Guard.

Congressional Action:

D. Enhancing Parental Choice in Child Care

- Enhancing Parental Choice in Child Care: The President proposed a refundable tax credit of up to \$1000 for each child under four in low-income families.
- Making the Existing Dependent Care Credit Refundable: The proposal made the credit refundable for low income families that do not pay tax.

- Expanding Head Start: Proposed a \$250 million increase in the Head Start Program.

Congressional Action:

1990: Economic Growth at the Top of the Agenda

1. Advancing Growth and Competitiveness

On February 1, 1990, the President called for immediate Congressional enactment of The Savings and Economic Growth Act of 1990 to increase private savings and to create more jobs and growth in the coming decade. The Act includes:

- Creating Family Savings Accounts. The President put forward his plan to increase savings and to provide better for the future of America's families.
- Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:
 - A phased-in exclusion of up to 30 percent of the capital gain on an asset.
 - In general, all capital assets held by individuals, except for collectibles, would be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.
- Home Ownership Initiative. To encourage saving and home ownership, the President proposed modifying current IRA laws so that first-time home buyers can withdraw up to \$10,000 without penalty for early withdrawal.

Congressional Action: None

2. Investing in the Future

- Research and Development. The President proposed a record high \$71 billion in Federal budget authority for research and development, up by \$4.5 billion, or seven percent.
- Incentives for the Private Sector. The President once again proposed making the Research and Experimentation Tax Credit permanent.

Congressional Action:

3. Investing in People

A. Education

Following a successful Education Summit the President on September 27, 1989, announced national education goals for the year 2000, inaugurating America 2000.

- The President proposed an increase of \$500 million for Head Start to bring total funding to \$1.9 billion.
- The President proposed to double the Even Start budget to \$48 million.
- The Job Training Partnership Act (JTPA) contained \$1.7 billion to target services to 683,000 disadvantaged youths.
- The President's Educational Excellence Act proposed initiatives for magnet and merit schools, alternative certification, and other programs.
- The President's National Drug Strategy establishes drug-free schools as a national priority.
- The President proposed \$593 million in funding for the Drug-Free Schools and Communities program.

Congressional Action:

B. Child Care

- The President called for action on legislation to implement the child care plan he advanced in 1989. While flexible on the legislative details he continued to push for legislation that maintained parental choice.

Congressional Action:

C. Homeownership and Opportunity for People Everywhere

- The President put forward a comprehensive agenda of Homeownership and Opportunity for People Everywhere (HOPE), in order to bring basic shelter and affordable

housing within the reach of millions of Americans. The HOPE plan includes:

- Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home.
- Promoting more housing choice for low-income families.
- \$412 million to help preserve the affordability of existing housing.
- Creating 50 Enterprise Zones over the next four years, and completely eliminating the capital gains tax on certain investments in these zones.

Congressional Action:

1991: Fighting the Recession

1. Advancing Growth and Competitiveness

- The President renewed his call for enactment of his Savings and Economic Growth Act, and called for a reduction in the capital gains tax rate and asked Federal Reserve Chairman Greenspan to lead a technical study of the economic effects of the capital gains reduction.

Congressional Action:

2. Investing in the Future

- The Administration proposed a significant increase in Federal highway spending, from \$14.6 billion in 1991 budget authority to \$20.3 billion in 1996.
- The President transmitted to Congress his National Energy Strategy. Over the five-year period 1992 through 1996, the Department of Energy would invest \$3.5 billion in National Strategy R&D initiatives.
- The President's FY 1992 budget included \$76 billion for research and development, a 13 percent increase over 1991 levels.

Congressional Action:

3. Opening New Opportunities in International Markets

Focusing on the major increases in U.S. exports and increasing export-related U.S. jobs, the President called for the enactment of several measures.

- Successful completion of the Uruguay Round negotiations of the General Agreement on Tariffs and Trade was the President's top trade priority.
- The President with Mexican President Salinas and Canadian Prime Minister Mulroney committed to negotiate a North American Free Trade Agreement (NAFTA). Creation of NAFTA, with a market of some 360 million consumers and a total output of \$6 trillion, would be a catalyst for economic growth and development.

- The Enterprise for the Americas Initiative promises to fuel growth and prosperity throughout this hemisphere by removing barriers to trade and investment. Restoring economic growth in Latin America will boost U.S. trade.
- The Administration pursued numerous bilateral initiatives to persuade foreign governments to open their markets and remove unfair barriers to American goods, services, and investment.
- Under the President's direction, the Trade Promotion Coordinating Committee for the first time brought together the resources of eighteen Federal agencies to provide one-stop shopping to U.S. businesses seeking help in exporting.

Congressional Action:

4. Investing in People

- The President has advocated choice in education, increased flexibility in education-related funding in exchange for greater accountability, alternative certification for teachers and principals, rewards for outstanding teachers and for schools that improve their students' achievements, and innovative approaches to mathematics and science education.
- The 1991 budget asked Congress to provide \$1.2 billion more than it did in 1990 for the Education Department's discretionary programs.
- The President proposed amendments to the Job Training Partnership Act (JTPA) which would have targeted job training efforts toward severely disadvantaged adult and youth workers
- Job Opportunities and Basic Skills Program (JOBS) allows the states flexibility in providing Aid to Families with Dependent Children (AFDC) recipients help in acquiring needed job skills.

Congressional Action:

5. Creating Job Opportunities

- The President called for new incentives to create jobs in our inner cities by encouraging investment through enterprise zones.

Congressional Action:

1992: Fighting a Sluggish Recovery

The President in his 1992 State of the Union Address spoke about his plans for restoring growth in America's economy. He challenged the Congress to pass his economic growth package by March 20.

1. Advancing Growth and Competitiveness

A. Tax Incentives

To encourage increased investment and saving, the President proposed changes in the Tax Code.

- Creating an Investment Tax Allowance. To stimulate an immediate increase in investment in productive assets, the President proposed an additional 15 percent first-year depreciation allowance for certain property acquired between February 1 and December 31, 1992, and placed in service by June 30, 1993.
- Simplifying and Enhancing Alternative Minimum Tax Depreciation. The President proposed a permanent modification to the alternative minimum tax (AMT) rules that would simplify the law and provide additional investment incentives.
- Cutting the Capital Gains Tax. To encourage investment for a more competitive America, the President proposed a permanent exclusion of up to 45 percent of the capital gain on the sale of an asset, resulting in a maximum tax rate on long-term capital gains of approximately 15 percent.

Congressional Action:

B. Stimulating the Real Estate Market and Home Ownership

The President called for enactment of several proposals affecting real estate in order to bolster residential and commercial real estate values and assist low- and middle-income families in buying homes and meeting their housing needs.

- Providing a temporary tax credit for first-time homebuyers.
- The credit would be 10 percent of the purchase price of

a home, up to a maximum of \$5,000.

- Half the credit would be allowed in the year the residence is purchased (1992) and half in the succeeding year (1993).
- Using IRAs for first-time home purchases. The President also proposed to waive the 10 percent penalty for withdrawals from IRAs for first-time homebuyers.
- Amounts up to \$10,000 could be withdrawn from IRAs for a first-time home purchase.
- Modifying certain Passive Loss Rules affecting active real estate developers. The President proposed allowing developers actively engaged in the real estate business to offset non-rental income with rental losses from properties they developed.

Congressional Action:

C. Spending Constraints

Budget Process Reforms to Cut Spending

The President announced several initiatives to bring Federal spending under control.

- Freezing domestic discretionary budget authority.
- Freezing Federal employment for Non-Defense agencies.
- Terminating 246 Federal programs.
- Adopting a line -item veto

Congressional Action:

2. Investing in People

A. Education

The President's 1993 budget proposed the largest increase for any Federal discretionary program for the department of Education -- bringing it to a level of 42 percent above FY 1989 spending. The President also proposed a GI bill for education on June of 1992.

Congressional Action:

B. Health

The President proposed to:

- Preserve and increase the idea of choice
- Make basic health care insurance affordable for low-income people not covered at that time, through a transferable voucher that would be as large as \$3,750 per family.
- provide insurance security for workers moving between jobs.

Congressional Action:

3. Investing in the Future

- Encouraging private R&D. The President proposes to make permanent the current 20 percent research and experimentation credit. Also, the President's budget proposes \$76.5 billion in R&D expenditures for 1993.
- Expanding Opportunity for Individuals and Families
- Increasing Home Ownership. The president challenged Congress to fully fund his HOPE proposals. His budget proposed a \$4.8 billion funding level for this program.
- Enterprise Zones. The president called on Congress to pass his Enterprise Zones legislation.

Congressional Action: