

Originally Processed With FOIA(s):

1998-0004-F[1]; 1998-0251-F

FOIA Number:

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files

OA/ID Number: 29137
Folder ID Number: 29137-004

Folder Title:
Budget [1990] (1 of 2) [8]: Budget Talking Points

Stack:	Row:	Section:	Shelf:	Position:
G	15	24	6	3

THE WHITE HOUSE

WASHINGTON

Talking Points for Coffee with Republican Members of the House and Senate

- o Regarding the budget, the Democrats are passing bills that would increase the deficit rather than reduce it. It is clear that they will leave without having done the job to reduce the deficit.
- o A \$100 billion sequester should not be anyone's first choice. Congressional enactment of a more responsible, five-year deficit reduction program is clearly preferable.
- o That is why I convened a budget summit. That is why I offered to the summit negotiators what remains the only detailed deficit reduction plan yet put on the table. That is why I agreed to offer a further deficit-reduction plan just ten days ago - if the Democratic negotiators would offer just one plan, and exchange it with us.
- o Last week, we informed the Democratic leadership that we were ready to exchange plans as the Democratic leaders suggested. They did not respond. Again this week, we informed them that we were ready. We are still waiting for a Democratic proposal.
- o Their plan seem to be: leave town for vacation.
- o The disruptive effects of deep across-the-board cuts lie ahead - if the Congress does not act responsibly.
- o If the Democrats really care about preserving economic growth and essential public services, the Democratic negotiators must offer a deficit reduction plan before leaving for vacation.
- o Our negotiators remain ready to meet at any time, anywhere, to exchange serious deficit reduction proposals with the Democratic negotiators.
- o I hope budget negotiations will move forward in good faith. They should intensify in early September at the very latest. The Congress - before adjourning for recess - must set a firm date in September for an up-down vote on a summit agreement.

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- o And just so everyone's cards are on the table, I will veto any spending bill that exceeds the budget I have proposed. Until the Congress enacts a responsible, five-year program for economic growth and deficit reduction.

And if the Democrats in Congress fail to act by October 1, it is they who will have to bear the responsibility for the consequences.

- o I need the support of each and every one of you. We must stand together if we are going to get some action on a sensible deficit reduction plan.

That is the message I will make sure is heard over the next few weeks, until serious negotiations are resumed again. I believe the public does care that the Democrats have led Congress into this deficit swamp and should know that failure is the cause of the crunch of Sequester.

- o Thanks for coming, and have a safe, happy recess.

THE WHITE HOUSE

WASHINGTON

Talking Points for Coffee with Republican Members of the House and Senate

Thank you all for coming down here today. I have a couple of items to cover this morning. First, thank you for helping produce a very effective partnership between the White House and the Republicans in the House and Senate. It has made a big difference in critical legislation. Second, I wanted to bring you up to date on where things stand on civil rights. And Third let you know where we stand on the budget.

- o Congress will soon be leaving for August recess. The Democrats are passing bills that would increase the deficit rather than reduce it. It is clear that they will leave without having done the job to reduce the deficit.
- o A \$100 billion sequester should not be anyone's first choice. Congressional enactment of a more responsible, five-year deficit reduction program is clearly preferable.
- o That is why I convened a budget summit. That is why I offered to the summit negotiators what remains the only detailed deficit reduction plan yet put on the table. That is why I agreed to offer a further deficit-reduction plan just ten days ago - if the Democratic negotiators would offer just one plan, and exchange it with us.
- o Last week, we informed the Democratic leadership that we were ready to exchange plans as the Democratic leaders suggested. They did not respond. Again this week, we informed them that we were ready. We are still waiting for a Democratic proposal.
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- o I hope budget negotiations will move forward in good faith. They should intensify in early September at the very latest. The Congress - before adjourning for recess - must set a firm date in September for an up-down vote on a summit

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Thank you all for coming down here today 7/30/90
I had a couple of items to cover this morning 4:15 p.m.
First, thank you all for helping produce a very effective partnership between

- (1) The Democratically-controlled Congress will soon be leaving for August recess. It is clear that they ~~will~~ leave without having done the job to reduce America's growing debt and deficit. They are passing bills that would increase the deficit rather than reduce it. They have passed no budget. They have offered no plan to meet their obligation to produce a responsible budget.
- (2) If we continue on the current Congressional path, the law will require automatic across-the-board program cuts of \$100 billion -- so-called "sequester" -- starting October 1. That is a clumsy fail-safe mechanism. But it is the law -- the only discipline we have left if Congress fails to do ~~its~~ ^{their} job.
The Democrats in
- (3) A \$100 billion sequester should not be anyone's first choice. It would mean cuts in virtually everything the government touches -- from air traffic control to drug abuse prevention; from military readiness to the prevention of contagious disease. Congressional enactment of a more responsible, five-year deficit reduction program is clearly preferable.
- (4) That is why I convened a budget summit. That is why I offered to the summit negotiators what remains the only detailed deficit reduction plan yet put on the table. That is why I agreed to offer a further deficit-reduction plan ten days ago -- if the Democratic negotiators would offer just one plan, and exchange it with us.
- (5) ~~Last week~~ ^{Ten days ago}, we informed the Democratic leadership that we were ready to exchange our revised plan with the Democrats in the context of the summit negotiations -- as the Democratic leaders suggested. They did not respond. Again this week, we informed them we were ready. But we have waited in vain for a Democratic proposal.
- (6) ^{only} Their plan seems to be: leave town for vacation.
- (7) But, as I have warned before: Economic growth is not as secure as it should be. Financial markets reflect some nervousness. The disruptive effects of deep across-the-board cuts lie ahead -- if the Congress does not act responsibly. This is no time for business as usual.
- (8) If the Democratically-controlled Congress really ~~does~~ ^{at all} care about preserving economic growth and essential public services, the Democratic negotiators ought at least to offer one deficit reduction plan before leaving for vacation.
- (9) Be that as it may, our negotiators and the Republican Congressional negotiators remain ready to meet at any time, anywhere, to exchange serious deficit-reduction proposals with the Democratic negotiators.

between the White House and Republicans in House and Senate. It has made a big difference in current legislation. Second, I wanted to bring you up to date on where we stand in the budget process. And to let you know what I will be doing over the next few weeks.

- (10) I hope budget negotiations will move forward in good faith. They should intensify in early September at the very latest. To facilitate progress, the Congress -- before adjourning for recess -- should set a firm date in September for an up-down vote on a summit agreement.
- (11) Until the Congress enacts a responsible, five-year program for economic growth and deficit reduction, I will veto any spending bill that exceeds the budget I have proposed.
- (12) And if the Democratically-controlled Congress fails to act by October 1, it is they who will have to bear the responsibility for the consequences.

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of sequestration.*

**COMPARISON OF ADMINISTRATION AND
CONGRESSIONAL DEMOCRATIC
ACTIONS ON THE BUDGET SUMMIT**

Administration Actions

- May 6 -- The President calls the Bipartisan leadership of Congress to the White House to outline the need for a budget summit.
- May 15 -- The President meets with the Congressional budget negotiators at the White House to present the reasons for the summit meetings.
- Early
June -- After sitting through hours of meetings that largely provide a forum for Democratic Committee Chairmen to appeal to the negotiators to protect their programs from cuts, the Administration's negotiators complain about the Tuesday-Thursday schedule set by Budget Summit Chairman Gephardt, and request a more definite schedule with more frequent meetings.
- June 20 -- The Administration revises its budget proposals to include new proposed reductions in Defense and entitlement programs, and incorporate some of the proposals made in the Senate Budget Resolution. (Saving over \$50 billion in 1991.)
- June 26 -- After the negotiations have stalled because of, in part, the Democratic unwillingness to discuss spending cuts in advance of revenue increases, the President meets with the Bipartisan leadership and issues a statement clearly stating that the deficit package requires tax revenue increases, as well as several other items.
- July 5 -- Despite the fact that the members of Congress are on their 4th of July Holiday, Administration negotiators and staff meet with Congressional staff to convene a special Task Force on credit reform proposals.
- July 16 -- The Administration issues a complete update of the estimates of the budget deficit, revising the estimate to nearly \$169 billion without taking into account RTC.
- July 26 -- For purposes of exchanging offers with the Democratic negotiators, as agreed, the Administration and Republican negotiators develop a plan to produce \$50 billion savings in the first year and \$500 billion in savings over 5 years. No Democrat response. Administration states and restates its willingness to exchange offers. Democrats are unable to develop offer; propose to delay exchange until September.

Congressional Democratic Actions

- June -- Despite the Budget Summit negotiations, the House Budget committee passes a budget resolution with domestic discretionary totals more than \$17 billion in excess of the G-R-H baseline. These numbers are very unlikely to reflect what comes out of the budget summit.
- June -- The House Appropriations committees begin action on appropriation bills that almost certainly will need to be modified once the budget summit is completed.
- June -
- July -- Various House and Senate authorization committees have passed bills that far exceed the levels likely to come out of the budget summit. These include:
- o Child Care bill: \$22 billion over the Administration request for 5 years
 - o Farm bill: \$7-9 billion over the current law baseline for 5 years
 - o AIDs prevention: \$3-4 billion over the Administration request for 5 years
- June -- The Senate Budget Committee votes on a resolution that contains billions in "IRS compliance" savings and billions more in unreconciled -- and therefore unachievable -- user fees and other entitlement savings.
- July -- The Senate Budget Committee votes on a budget process reform bill that substantially alters the G-R-H process despite the fact that budget process reform is one of the explicit assignments of the summit.
- July -- House action to date on domestic discretionary appropriation bills is \$24 billion in budget authority over 1990 enacted levels, and \$14 billion in budget authority over the G-R-H baseline, which is the 1990 enacted levels increased by inflation.
- July -- Despite criticism of the Administration proposals, the Democratic leadership fails to put any proposals on the table and in fact fails to discuss any specific proposals at all.