



National Association
of Manufacturers

JERRY J. JASINOWSKI
President

February 9, 1993

The Honorable Bruce Reed
Deputy Assistant to the President,
Domestic Policy
Old Executive Office Building
Room 216
Washington, D.C. 20500

Dear Bruce,

Thank you for agreeing to address our Winter Board of Directors Meeting at the Marriott's Marco Island Resort in Florida at lunch on Saturday, February 13th.

I hope you will talk about the President's domestic policy agenda, particularly in the economic area. Attached is a recent letter I sent to the President on manufacturing priorities that you may find helpful. The audience will number about 300, including 135 manufacturing CEOs and executives on our board, their spouses, NAM staff, invited guests and press.

Please don't hesitate to call me at 202/637-3105 on Wednesday or Thursday morning if you have any questions. I've enclosed directions to the hotel and an attendance list. You can reach Joni Hodgson in Florida at 813/394-2511 if you have any questions about transportation and lodging.

I look forward to seeing you on Marco Island.

With best regards,

A handwritten signature in dark ink, appearing to read "Jerry J.", with a stylized flourish at the end.



MANUFACTURING MAKES AMERICA STRONG

JERRY L. JASINOWSKI
President

February 9, 1993

President Bill Clinton
The White House
Washington, DC 20500

Dear Mr. President:

As I suggested in a previous letter, it is our hope that American manufacturers will be in a position to endorse and support the growth-oriented initiatives you will soon announce in your State of the Union Address. Further, we expect to encourage other business groups to do the same in the interests of invigorating the nation's economic climate and accelerating the capacity of the private sector to create good jobs.

The National Association of Manufacturers has fresh results from three focus groups conducted for us by Peter Hart with manufacturing executives around the country. They give a clear indication of manufacturers' priorities. Eight of these are listed below, with notations from me that are based on discussions with your staff, on how positively or negatively your new Administration seems to be positioned in each area.

- | | | |
|----|--|---|
| 1. | Deficit Reductions through reduced spending | + |
| 2. | Health Care Reform | + |
| 3. | Regulatory Reform | - |
| 4. | Investment and Technology Incentives | + |
| 5. | Increased Taxes/Avoidance of Employer Mandates | - |
| 6. | Workforce Training | + |
| 7. | Product Liability Reform | - |
| 8. | Increased Trade and Exports | ? |

The "+" indicates that, in my view, expectations in the manufacturing community are generally positive and even though specific policies have not yet been spelled out, statements by you and others in the campaign and since suggest support is available for your expected initiatives. The "-" suggests expectations among the manufacturing community are that the Administration's initiatives in this area will not be favorably received.

In my view, and it is an admittedly subjective one, you should expect positive business support for spending restraint to achieve deficit reduction through spending reductions, for health care reforms, for investment and technology incentives and for workforce training initiatives.

President Bill Clinton
February 9, 1993
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On the tax side, of course, support will be much harder to come by. Even should you settle on tax increases thought to be least onerous, it will be difficult to gain broad support in the business community.

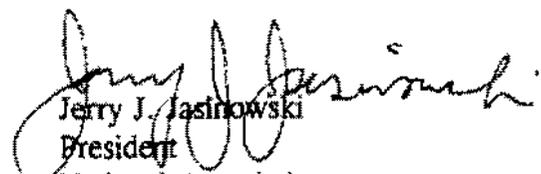
On the other issue areas listed as negative or questionable, however, broad business support can be secured, I believe, if efforts are made to turn them to positives and include them as part of an overall growth package and in your comments in the State of the Union:

- o Exports -- with a forceful commitment for expanding trade, early action on the North American Free Trade Agreement and increased funding for export financing mechanisms such as the Export-Import Bank;
- o Regulatory Reform -- with a clear signal of intent to establish strong central oversight of the sort you suggested in your campaign remarks to the NAM last June. Given that regulatory reform is the number three priority for most businesses, large and small, a forceful statement in the State of the Union on the need to reduce regulatory costs would be applauded by the entire business community.
- o Legal Costs and Product Liability -- here too, an early indication that this problem, which affects business generally and in the health care area specifically, will receive serious open-minded study would be very well received. A statement in the State of the Union speech that this is a serious problem requiring review would enormously increase small business support.

It is my hope that the NAM will be able to help build support for much of the program you will announce in your State of the Union Address. To that end, I would like to request an opportunity for the NAM's leadership to meet with you sometime soon after the Address, perhaps on February 24th when Chairman Robert Cizik plans to be in Washington. You will remember that Mr. Cizik had an interesting exchange with you at the Little Rock economic conference on many of the issues mentioned in this letter.

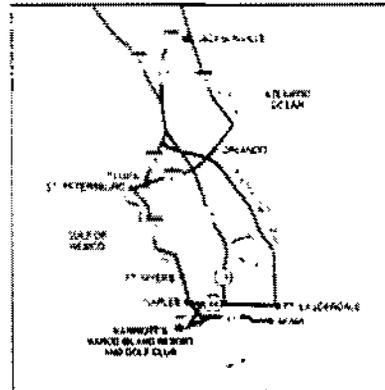
With best wishes and good luck on your economic package and State of the Union Address.

Best regards.


Jerry J. Jasinowski
President
National Association
of Manufacturers



Marriott's Marco Island Resort
and Golf Club
400 South Collier Boulevard
Marco Island, Florida 33957
(813) 594-2511



- LOCATION** Fifteen miles south of Naples. 55 minutes south of the Southwest Florida Regional Airport in Fort Myers, 98 miles west of Miami.
- DIRECTIONS** From the Southwest Florida Regional Airport in Fort Myers: Take Route 75 south 34 miles to Exit 15. Take State Road 951 south for 16 miles to Marco Island Bridge. The resort is on the right, 5 miles from the bridge.
- TRANSPORTATION** Commercial transportation to/from Naples Municipal Airport and the Southwest Florida Regional Airport. Rental cars available at both airports.
- 735 GUEST ROOMS/
71 SUITES** All guest rooms have a king-size bed or two double beds, a separate dressing area with vanity, balcony or patio, climate control, remote control cable color TV with feature movies, AM/FM radio, alarm clock, direct dial telephone with message light, mini-bar, refrigerator and coffee maker. Nonsmoking rooms and accessible rooms available.
- RESTAURANTS
AND LOUNGES** *Café del Sol*, offers all meals in a casual family atmosphere. *Marco Dining Room & Grille*, open for dinner and features fine continental cuisine. *Quinn's on the Beach*, features popular frozen Pina Colodas and all-day dining, live entertainment nightly. *The Lounge*, enjoy fresh seafood and a Gulf view in a casual yet intimate atmosphere. *Pizzeria/Groceria*, pizza and pasta to eat in or take out. Convenience foods and snacks. *Casualties Lounge*, evening entertainment and dancing. *Tiki Bar & Grill*, serving lunch, snacks and beverages.
- RECREATION** Three outdoor pools • 5 1/2 mile beach • boating • sailing • parasailing • waverunners • wind surfing • waterskiing • shelling • whirlpool • 18-hole championship golf course with 14-acre practice facility • lighted tennis courts • health club • jogging • offshore and backwater fishing • bicycle tours • children's programs • game room
- PLACES TO SEE/
THINGS TO DO** Everglades National Park • airboat tours • shopping in Marco and Olde Naples • Island Trolley Tour • nature preserves • Greyhound racing • baseball spring training • Edison Winter Home
- SHOPS/SERVICES** Ample free parking • concierge • activities/tour desk • valet service • guest laundry • vending machines • safe-deposit boxes • baby-sitting • gift shop • boutiques • tennis pro shop • golf shop • barber/beauty salon • car rental desk • commercial transportation desk
- CREDIT CARDS** American Express, Carte Blanche, MasterCard, VISA, Diner's Club.



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Marco Island, Florida
February 11-13, 1993

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President and President,
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Monsanto Chemical Company
St. Louis, Missouri
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Congressional Budget Office
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Corporate/Government Affairs
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(11-13)

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Senior Partner
Hale & Dorr
Washington, DC
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Director, Government Relations
Hershey Foods Corporation
Hershey, Pennsylvania
(11-13)

Mr. & Mrs. Marvin Womack
(Marvin & Eva)
Vice President National Government
Relations
The Procter & Gamble Company
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(11-13)

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& Communications
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Vice President, Meeting
Management & Corporate
Secretary
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(9-13)

Ms. Betty Williams
Meeting Specialist
Washington, DC
(9-14)

Ms. Becky Hosier
Executive Assistant
Office of the Secretary
Washington, DC
(9-14)

As of February 5, 1993

Mr. Paul Huard
Vice President, Taxation and
Fiscal Policy
Washington, DC
(11-14)

Mr. & Mrs. Howard Lewis, III
(Howard & Flip)
Vice President, International
Economic Affairs
Washington, DC
(11-14)

Ms. Jeanette McCool
Director, Meetings & Travel
Office of the Secretary
Washington, DC
(9-14)

Mr. William Morin
(Bill)
Director, High Technology
Council and Defense Forum
Washington, DC
(11-13)

Mr. David W. Rohn
(Dave)
Executive Director, Associations
Council
Washington, DC
(11-13)

In July, BC promised you a plan that will XYZ - and that's what you're going to get. ^(2-A)

You know that better than anyone, ^{in Wash.} and have been saying it long - anyone.

- You were not well served these past 12 yrs. by a govt. that purported to represent your interests, but ~~gave you~~ left you with a ad kept taking your \$, but left you ~~with~~ to do business in a country where ^{with} too many schools that don't teach, ^{and} too many workers who can't read - a country where scary HC costs saddle every business with 30% handicap in the world economy, and yet ~~more~~ ~~more~~ people don't get much care for their \$ - a country ~~with~~ where govt. gets bigger + bigger even as it accomplishes less - and a country ^{with} where deficit that as you heard ~~as~~ there are ^{we inherited a deficit that} is rising so fast that we had to ~~start~~ stop using ~~them~~ overhead projectors b/c ~~the~~ we couldn't fit the CBO projections the trend lines were so steep ^{they} we couldn't fit the out years onto one chart.

budget analysis in Washington

- BC could go along + play the same game of blame + denial that ~~has~~ Wash has perfected over the past decade - pretending the problem will go away, ^{and} investing rosy scenarios ~~to~~ ~~as~~ as a substitute for action.

- But we simply can't afford to play games any longer

- * The budget deficit is \$350 b + rising - \$50 b/yr more than ~~BC~~ ^{BC} thought it would be when he was running for office
- [* The LT picture is even worse. (3-B)]
- * And at same time, we have an investment deficit

in the educ. & training of our people and the competitive nature of our businesses. These things are killing us over the long run.

In the end, it's not even a close call. We've ^{all} got to change.

The ~~ST~~ ST pain of the changes we each have to make as indivs is nothing compared to the LT ~~pain~~ cost we will feel as a nation if we don't.

- And everybody in America knows it.

So this Wed., the Pres ^{will} present ^{the American people} an economic package that will give them the kind of fundamental change they voted for.

- As USA Today predicted yesterday, It's big. It's bold. It's risky. And I might add, ~~that's what he said he would do~~ going to if it's going to work, we're going to need your help.

Last June, ~~BJ~~ promised you a plan that will XYZ (Z-A) - and that's what you're going to get.

Two days ago, the President summoned a group of business leaders to the WH to ~~talk with~~ ~~about his~~ ~~speech~~ ~~then~~ ~~at~~ ~~about~~ his own plan. Bob & Jerry were there, & my here told you ~~about~~ their impressions of the mtg. He wanted to hear what they had to say, just as he wanted to hear from many of you at the Econ Conf in LR in December. And he'll want to hear from your reaction to his speech on Wednesday. (Since Bob Rubin can't be here today, let

me ~~give~~ give you his WH phone #. [OR MINE: 456-7777]
- If no one answers, it's b/c we at the WH staff.

The Pres's message to bus leaders + my message to you is simple:
We want your help. ~~This~~ The P's plan ~~is~~ will ask
something of everybody, but we'll all get something in return.
In the long run, this plan will be good for business, good for America,
+ good for anybody who believes that the values that
built this country are the values we need ~~to~~ need
to save it: opp. ^{person. work, profit, ad} ~~in~~ resp. ~~to~~ faith, family, ~~ad~~

Everybody's got to do their part
~~Let~~ Let me tell you ^{first} what we're going to do, and ~~then~~ then
what we're going to ask of you.

(1st) This week, we began w/ govt → 3(C), (D), (E), (F)

This is something of a personal crusade of mine. ~~One of the issues~~
~~I~~ ~~work~~ on for the President is restructuring govt, and ~~right now~~
I am on a mission to trim the fed. bureaucracy. I worked on
Capitol Hill for several yrs, writing speeches for Sen. + Sen.
Cory. It was a wonderful job + he was outstanding to work for.
I've spent most of my adult life in govt - Al + BC are the only 2 men
in America who've ever given me a honest job - and I feel a certain
obligation to make sure the taxpayers are getting their \$'s worth.
I think this stems from the fact that as a young spw on Capitol
Hill, I used to write speeches ^{lamenting} about the decline in American
productivity ~~until~~ one day I began to wonder what ~~how~~
that concept growth, which sounded great until

~~We want~~ ~~to~~ ~~bring~~ ~~you~~

We don't have anything against you. We just don't believe ~~in~~ in protecting you from the forces of change just b/c it's

BC wants to do for you in the 90s what so many of you did for your boss in the 80s - cutting costs, ~~stripping~~ ^{stripping} and layers of unness. report, getting to know ~~your~~ what your customers want.

[See also page I gave Kusnet]

So we will do our part to make sure Americans get their money's worth in Wash., and that you don't keep growing for its own sake

But you've got to do your part as well - as citizens and bus. leaders: ~~that this speech~~ throughout his campaign, & in his speech to bus leaders this week, BC has offered a new compact:

- we'll do everything we can to help you compete in the world.

We'll ~~not~~ lower the cost of capital thru LT reductions in the budget -

We'll ~~give~~ ^{encourage} people to make ~~invest~~ ^{make} ~~in~~ ^{invest} in new businesses ~~or~~

invest for the ~~long~~ ^{long} term w/ capital ~~gains~~ ^{gains} tax reductions for LT

incentive ~~for~~ ^{for} tax breaks for LT investments in new businesses.

We'll provide some changes in the tax code that will plainly reward investment as opposed to consumption in the business sector

not just the spending cuts announced for this week, but in real spending cuts that will be proposed later.

Will do what other gots do, and enlist the private sector as a partner in research, development & technological leadership.

We're going to make an
the dollars we take
out of defense R&D
find their way into
domestic R&D

And we'll free up ^{hundreds of} billions of dollars ^{to reinvest in the new jobs & businesses} for investment on the LT
by finally bringing HC costs under control.

But as we do all this for you, we're going to ask more of you in return. Not just more taxes - although if you're rich, they'll be some of that - but a ~~greater commitment~~ to ~~the~~ commitment to invest in this country and keep jobs in this country and look at ~~for the long term~~ not ~~only~~ for the ST interests of stock analysts on Wall St, but for the LT interests of your workers, your companies, your country, and yourselves.

We don't have a choice: 3-^(B)

even as we set out to put govt's house in order,
So ~~we must~~ ~~use~~ ~~some~~ ~~we~~ ~~be~~ ~~put~~ ~~up~~

we must ask for greater contrbs - 5-^(C), ^(H), ^(J)

put
jobs in
income
first

We know
None of these measures will be painless, ^{for you:} Don't think they are easy for us, either. We have tried to be upfront. We have tried to be fair. Most of all, we have tried to put forward solutions that aren't just cosmetic, but are big enough & bold enough to confront our nation's problems.

to do this,

to do it this,

Many of you in this room will have to pay a little more, but everyone in this room is already paying the price of a govt that has ~~done~~ ^{done} nothing.

7

improved. chance
might be

~~If and all of us can get~~

These issues are important, but there's much more at stake.

In the end, the choice we have to make this year isn't ~~about~~
~~your tax bracket or~~ ^{your company's} ~~tax bracket~~, your
favorite tax ~~break~~ ^{incentive} or ~~any~~ ^{company's} favorite programs,
~~tax brackets and spending cuts and~~

~~In the end, the economic package~~

~~We~~ don't care what party you're in, or ~~about~~
who you voted for in this last election. The
economic package we send to the Hill this week
isn't about politics. It isn't about whether ~~this~~

~~President gets his way~~ the network focus groups
say they liked the President's speech, or even
whether ^{in the end} ~~this~~ new President gets his way.

It isn't about which ^{who's} ~~group~~ is up ^{and} down or ~~who~~ ^{which group}
~~can make success in protecting~~ is clear enough to
protect its narrow interest.

(The guts of)

This economic plan is about what this country's
going to look like in 10 years - whether we'll have
we're going to have a nat. econ strategy that
~~makes it possible~~ ~~strengthen~~ ~~secure~~ our mfg. base
helps keep good jobs in this country + secure

^{your companies} whether teenagers coming out of high school
young people will ~~have~~ ~~be~~ ~~as~~ ~~many~~ ~~high~~ ~~school~~ ~~grads~~
have a chance to ~~get~~ go into ~~an~~ apprenticeship
programs that train them for ~~a~~ high wage,

~~life~~ rather than dead-end jobs -
whether ~~young people can expect~~
every young person can go to college
so long as they're willing to give something
back to their country - and whether ~~the~~
before becomes affordable for ~~any~~ families
and businesses alike. ~~or whether instead of~~

we won't have
another one
like this again

wants you to
be put out

you can't
you can't
you can't
and you'll go

FDR SPEECH

Change as continuity

State of Union

Say some thoughtful things

Values

SA worse than change

Quiet crisis - stand up for economic destiny

Common good - up stakes on Econ Problems

Inherited big probs.

Born a day after FDR died : what he did for me

- This is our cause

Our challenges are no greater than Jefferson

30s

FDR vs. spec. ints. : national interest, not the special ints.

BRUCE REED

Bruce Reed is Deputy Assistant to the President for Domestic Policy. He oversees a variety of domestic issues for the White House, including welfare reform, reinventing government, political reform, crime and drugs, and community development.

Mr. Reed was Deputy Campaign Manager for Policy of the Clinton-Gore campaign. From 1990 to 1991, he served as Policy Director of the Democratic Leadership Council, where he was editor of a magazine called The New Democrat. He worked as Chief Speechwriter to then Senator Al Gore from 1985 to 1989.

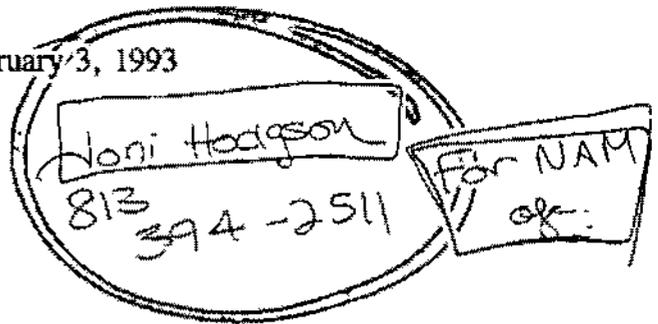
Mr. Reed, 32, is a graduate of Princeton University, and received a master's degree from Oxford University, where he was a Rhodes Scholar.



National Association
of Manufacturers

Jerry J. Jasinowski
President

February 3, 1993



Ms. Alexis Herman
Assistant to the President and
Director for Public Liaison
The White House
West Wing
Washington, DC 20500

NAM Board of Directors Meeting
February 11-13, 1993

Dear Alexis:

We are delighted that you will be able to join our Board of Directors at their winter meeting at Marco Island, Florida. As we discussed, you plan to arrive on Friday, February 12th and depart on Saturday, February 13.

You should plan to arrive in time to attend our reception and dinner on Friday night. The reception begins at 7:30 p.m. and we should enter the ballroom for dinner about 8:15 p.m. For your information, the attire for the Friday night event is black tie. After dinner, I plan to introduce you to our group, and ask that you be prepared to comment briefly (10 minutes) on the importance of business in your new position as Director of Public Liaison. Among other things, I suggest you highlight the importance of manufacturing to economic growth, the desire for a new partnership between government and private industry, and the need for continuous communication.

Joni Hodgson, NAM's Corporate Secretary, will be in touch with your office regarding hotel accommodations, etc., but in the interim, if you have any questions, do not hesitate to contact me.

This is a great opportunity to bring our two sides closer together.

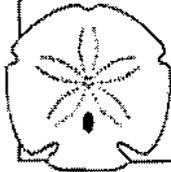
Best regards,



MARRIOTT'S

Marco Island Resort and Golf Club

- ① GOOD TO SEE BUSINESS LEADERS IN W. HOUSE
- ② WE'RE BACK ON TRACK - A.G.
- 13 LAWYERS
- ③ BC'S TAKING ALL THIS RATHER WELL
- DIFFICULT ADJUSTMENT FOR REST OF US
- I TOOK A BEATING THE OTHER DAY
"SERIOUS, SOMEWHAT MELANCHOLY DESIGN"
- MOTHER...



Remarks
National Association of Manufacturers
Marco Island, Florida
February 13, 1993

DRAFT

Thank you for this chance to talk with you about
the President's economic plan. (Rubin?)

I spent most of the past year on the campaign trail
with Bill Clinton, and I look back on his speech to NAM
in June as a real turning point for our campaign. We
were running a weak third in the polls behind Bush and
Perot, and most Americans thought Bill Clinton was
just another big-spending, regulation-loving, old-
fashioned Democrat who would go the way of every
other recent Democratic nominee.

But when he unveiled his economic plan at your meeting in Washington, and nobody walked out -- and in fact, many of you seemed ~~visibly~~ impressed -- the ^{national} press and the rest of the country began to ^{notice} ~~see~~ Bill Clinton for what he is, a new kind of Democrat who understands that the private sector is the engine of economic growth and who can honestly say he's pro-business.

Your thoughts mattered to him then, and they matter to him now -- and I can assure you that when Alexis Herman and I go back to Washington, the President will be very interested in what you had to say to us.

~~I'm sure you're most interested in hearing the inside scoop on the President's economic plan. I'm afraid I'm not in a position to give away any state secrets, because the truth is, ^{As we speak,} the President and his economic advisers are holed up in the White House ~~as~~~~

~~we speak,~~ putting the polishing touches on ^{his economic} ~~the~~ plan. 2- all-nighter to go
~~But I can~~ ^{Today, without giving away any state secrets, I'd like to} give you a general preview of the agenda the

President will present at a Joint Session of Congress on Wednesday.

Anticipation about the President's economic plan has been building for weeks now. Every day, the press is full of leaks and educated guesses. ^{The radio talk shows} ~~The airwaves~~ are buzzing with speculation. And letters and

telephone calls are coming into the White House in record volume, at five or ten times the regular rate.

(to be answered by 25% less staff)

There's a reason for all this intense interest, and it's not just that a new Administration has come to town.

Nor is it

~~It's not~~ that everybody's anxious to protect their particular ox from being gored ~~either~~.

The real reason for all the interest and anticipation is that this country has been waiting for an economic plan for ~~the~~

~~last~~ 12 years, maybe longer -- and never have the

American people or American business needed ~~a plan~~ ^{one}

~~for economic growth~~ more than they do now.

You know ^{this} ~~that~~ better than anyone, ^{because you} ~~and~~ have been

saying it ^{longer than} ~~as long as~~ anyone. You were not well-served

these past 12 years by a government in Washington

that purported to represent your interests, but did nothing to address your ^{real} problems:

^{Problems like}
* [^]soaring health care costs that saddle every business in America with a 30% handicap in the world economy;

* ^{federal}
[^]a government that gets bigger and bigger even as it accomplishes less;

* and a ^{budget}
[^]deficit that, as you heard this morning, is ^{going up} ~~growing~~ so fast that ^{people like Bob Reichauer} ~~budget analysts in Washington~~

^{almost} had to stop using their overhead projectors because the trend lines were so steep they could no longer fit the out years onto one chart.

That is the mess the President has inherited -- two enormous deficits: a budget deficit that is \$350 billion and rising, and an investment deficit in education,

training, ~~and~~ ^{and development} research that is making it harder and harder for our people and our businesses to ~~keep up~~ ^{compete}.

After he won the election in November, Bill Clinton got good news and bad news. The good news was that the economy was finally emerging from ^{4 yrs of virtual} recession, although with nowhere near the job growth one would ordinarily expect in a recovery. The bad news was ^{that} the bleak budget outlook ^{had} deteriorated even further -- raising the bar ^{at least} another \$50 billion ^{a yr.} for an already intimidating challenge.

In the face of this news, the new President had a choice: to do what his predecessors had done, and spend the rest of his term in denial, painting rosy scenarios and hoping for the best -- or to confront the ^{hard}

We don't care what party you're in, or who you voted for in the last election. This is the biggest, boldest step our country has had the chance to take in a long time. We need your help, and we want you to be part of it.

As the President ^{said} ~~put it~~ the other day, if the business community leads the way, Washington will follow. Thank you.

I hope that when the President speaks on Wednesday night, you will listen, and when he issues the call ^{to action,} you will stand behind him -- not for his sake, but for the country's. Because the economic plan the President will submit to the people this week isn't about politics. It's about what this country is going to look like ten years from now -- whether we'll have a national economic strategy that helps your companies ^{Keep good jobs in this country and} secure our manufacturing base -- whether young Americans, regardless of income, will have the chance to go to college, so long as they're willing to give something back to their country in return -- ^{and} whether ordinary people will be able to start a business or raise a family without living in fear that health care costs will make them lose everything.

He also said this week that he will limit the tax deductibility of excessive executive pay that is out of line with a company's productivity. He's not out to meddle in your business; he just believes that CEOs who want to overpay themselves instead of investing in their companies and their workers should ~~do so at~~ *do so at their own peril* and not get a tax break from Uncle Sam for doing it.

We know that none of these measures will be painless for you. They're not easy for us, either. The President has tried to be upfront. He has tried to be fair. Most of all, he has tried to put real answers on the table that are big enough and bold enough to confront ~~our nation's~~ ^{the} real economic problems, *we all know our country has.*

We don't have a choice: Ten years from now, if we don't change our economic policies, the deficit will be \$650 billion a year. The national debt will be 78 percent of our gross domestic product. Health care costs will rise to almost 20 percent of GDP. Medicare and Medicaid costs will triple. In short, we'll all be *losing money or* going broke.

That is why we must ask for greater contributions now to close this deficit. The President ^{*announced*} ~~said~~ earlier this week that he will ask for an income tax increase on those whose incomes went up and taxes went down in the 1980s -- the wealthiest Americans and corporations. But he will also ask for incentives to lower the tax burden of corporations and individuals who make ^{*long-term*} investments in this country.

do what our competitors do, and
We'll reach out to the private sector as a partner,
and try to ^{make sure} ~~see~~ that the dollars we take out of defense
R&D in the wake of the Cold War find their way into
domestic R&D. ^{in the future.} And we'll free up hundreds of billions
of dollars ^{over the next decade} to reinvest in new jobs and businesses by
finally bringing health care costs under control.

But as we do all ~~of~~ this for you and with you,
we're going to ask more of you in return. Not just
more taxes -- although ^{if you've done well in the 80s,} ~~if you're rich,~~ there will be some
of that -- but ^{more important,} a commitment as corporate leaders and
citizens to invest in this country and keep jobs in this
country and put the long-term interests of your
workers, your companies, and your country over the
short-term appetites of Wall Street.

But if we hold up our end of the bargain, you've got to do your part as well -- as citizens and as leaders of industry. Throughout his campaign, and in his speech to business leaders this week, Bill Clinton has ~~offered~~ ^{talked about} a new compact for American business:

We'll do everything we can to help you compete in the world. We'll lower the cost of capital through long-term reductions in the deficit. We'll provide incentives for people to make long-term investments in new business, ^{es} and ~~get~~ ^{give them} a break on their taxes so long as they hold the investments five years or longer. We'll provide some changes in the tax code that will plainly reward investment as opposed to consumption in the business sector.

We'll put forward a jobs package that gives this recovery some momentum, and ¹³ puts people + businesses back to work.

There are thousands of jobs like that in government, where people do their best every day but nothing comes of it because they're ^{stuck} producing a product we don't need or they're ~~stuck~~ ^{so much} spending ~~more~~ time pushing paper around ~~than providing real people a~~ ^{that they have no time to provide} ~~service.~~ ^{real people a service.}

Bill Clinton wants to do for government in the '90s what so many of you did for your companies in the '80s -- cutting costs, stripping away layers of unnecessary management, getting to know your customers and what they want. You can be sure that this Administration will do everything in its power to make sure that Americans get their money's worth out of government, and that government doesn't keep growing for its own sake.

Now, it seems to me that in the face of a struggling economy and a \$350 billion deficit, Washington ought to spend less time creating Advisory Panels on Occupational Titles and more time helping the private sector create jobs.

Reinventing government is something of a personal crusade for me. I think it dates to my days as a young speechwriter on Capitol Hill, writing speeches

lamenting the decline in American productivity growth.

After a while,
~~Over time,~~ I began to realize just how foreign the very concept of productivity was to ~~my job in government~~ *govt in general + my job in particular*

let alone productivity growth, which in my case would

~~presumably ^{have} meant writing more speeches.~~

I could decide if productivity growth for a s/w meant more speeches or less speeches.

same time, he ordered every agency and department to ~~itemize~~^{cut} their administrative costs, ~~and to cut them~~ by 14% over the next four years. These measures will save at least \$9 billion by 1997.

Gort doesn't keep track
1.2 m bottles of nasal spray
-more than even he needs

^{in our Washington,}
To show that [^]nothing is sacred, the President is also going after those ^{pesky} [^]advisory commissions that have been proliferating in recent years. We did a quick survey, and found that we're spending nearly \$150 million a year on commissions with names like the Board of Tea Experts, the Weather and Climate Coordinating Committee, and the Advisory Panel on ^{The Dictionary of} [^]Occupational Titles. Some of these commissions are so obscure that even the people ~~who are~~ on them have never heard of them.

Two days ago, the President summoned a group of business leaders to the White House to ^{talk with} ~~send~~ them about ^{that package} ~~the economy~~. ~~Bob and Jerry were there, and may have told you something about it.~~

The President's message to business leaders, and my message to you today, is simple: We believe our economic plan will be good for business and good for America, in the short and long term. ^{we also know that} But ^{as USA} Today predicted yesterday, our plan is big, it's bold, and it's risky. And it's only going to work if everyone is willing to do their part.

This past week, we set out to ^{do our part, by putting} ~~put the~~ government's house in order. ~~to show that we're ready~~ ~~to do our part.~~ The President believes that for too

long, our government has been drifting ~~along~~ ^{aimlessly,} without the kind of searing reexamination of its mission that you ~~in business~~ ^{and your companies} go through all the time just to survive. He doesn't just want to cut government; he wants to ~~make it more leaner~~ and make it work.

On Tuesday, he kept his campaign pledge to cut the White House staff by 25 percent below the level that he found it -- and he has tried to reorganize us in ~~ways~~ ^{a fashion} that will ~~enable us to avoid~~ ^{make us more efficient and make it easier for us to keep from} getting in one another's way.

On Wednesday, he took the same approach to the ~~entire~~ ^{rest of the} government, ordering a reduction in the federal bureaucracy of 100,000 or more, ^{over the next 4 years --} with at least 10 percent of the cuts to come from management. At the

truth while he can still do something about it, and enlist the American people in a crusade for fundamental change.

That was the choice, ^{and} ~~but~~ in the end, it wasn't even a close call. Those of you who attended the Economic Conference in Little Rock heard ^{BC} ~~the President~~ say how he feels: The short-term pain of the changes we may have to make ^{now} ~~as~~ individuals is nothing compared to the long-term cost we will feel as a nation if we don't ~~it~~ ^{change}. And everyone in America knows it.

So this Wednesday, the President will go to Congress and ^{present} ~~present~~ the American people with ~~an~~ ^{an} economic package that can deliver the kind of fundamental change they voted for.

Waldman draft / 10:00 AM Thursday

**SPEECH BY PRESIDENT CLINTON
TO BUSINESS LEADERS
ON ECONOMIC RENEWAL
February 11, 1993**

I have called you here together because our nation needs to meet a challenge, together.

Throughout American history, business has answered the call when the nation's survival was at stake.

In two World Wars, businessmen and women were among the leaders in national mobilization, putting aside their narrow interests for the national interest. When our nation faced challenges from civil rights to the energy crisis, business took the lead in coping with change.

Americans are at their best answering alarm bells in the night. But today, we face a quieter crisis.

It is one that threatens our national greatness as profoundly as any crisis we have faced before.

Very simply, we risk losing permanently the standard of living that we took for granted as Americans. For too many middle class Americans, the good life seems to be disappearing, replaced by stagnation and division.

Our situation is worse than we had imagined.

Business people make annual plans and five year forecasts. As you know, everything depends on honest numbers. During the campaign, I put forward a plan based on the numbers that were available then from the government.

✓ | But after the election, the outgoing administration told me -- and the country -- that the deficit will be at least \$50 billion a year worse than they had admitted before.

I faced a choice. I could give you and the American people straight talk, or continue the past practice of lie and deny.

But you wouldn't keep your job if you cooked the books and deceived the stockholders. And I shouldn't either.

Dramatic change is necessary -- not for change's sake, but to restore economic growth that produces jobs. We must move forward if we are to enhance incomes and expand productivity and educate our children.

Business people have complained for years that nothing was being done about the federal deficit. Now, I come before you as a President committed to taking bold action to reduce our red ink. We will slash the deficit, create jobs and restore growth.

But the wealthy, including successful businesses, will have to do their part. You will have to pay your fair share. And if you do, you will do better -- indeed, everyone will do better.

* * *

My philosophy of business is simple. I believe that the private sector drives this economy. Like every other businessperson in America, you have the right to make your mark and your fortune, to work and strive and rise as far as your talents will take you.

Government has an obligation to provide an environment in which business can prosper. And it must act as a partner to ensure that business has what it takes to compete and win.

For two decades, our nation has been buffeted by economic change. Once secure as the nation's sole economic superpower, we now must engage in friendly competition with nations across the globe. The new marketplace -- in which capital and technology can flash across borders in the flicker of a computer screen -- has meant that no industry, no job, is secure.

Shaken by change of seismic proportion, America's leaders retreated. Instead of facing our growing problems, they turned to tired dogmas and failed philosophies. Rather than help business to compete and win, they threw up their hands and said there was nothing government could do.

For the past twelve years, our leaders offered us, in essence, a grand bargain: if we accepted greater inequality, we would reap greater abundance. Inequality indeed grew: the middle class shrank, and some sixty percent of the income gains went to the top one percent. And abundance for all did not come.

In recent years, the maladies of the middle class have spread to the economy as a whole. We now see that prosperity built on short-term dealmaking and corporate and government debt will not build an America in which our dreams can come true.

* * *

In recent months, our nation has finally begun to grapple with its two decades of economic decline. We recognize that the old ways of doing things won't work any longer. And we recognize that our nation, if it is to remain great, must move forward to cope with a changing world.

If we do not reform our economy, we will fall further and further behind. If we do not act today, ten years from now we will not recognize this country. Ten years from now, the deficit will have grown to \$653 billion a year; the national debt will be 78 percent of our gross domestic product; health care costs will take up nearly 20 percent of the GDP; Medicare and Medicaid costs will triple.

Next week, I will propose an economic package that will attempt to put this nation back on the road to long-term, sustainable growth.

Our goal is an economy that faces the world without fear, and not only meets but beats our rivals on the field of global competition.

And above all, our goal is an economy that is growing, and that provides jobs to the American people. We will not rest until the middle class once again feels that its future is secure, and that its children will have a better life.

The broad outlines of our plan are no secret.

First, to ensure that we do not lose the momentum and new confidence that we have seen, and to finally get sustainable job growth, we need an investment-led jobs package.

But all of us here know our problems go beyond the business cycle. We need a long-term plan to invest in America.

We will put in place a program to invest in our people and in the physical infrastructure that is a precondition for prosperity and productivity.

Finally, we will reduce our deficit, not as an end in itself but as a means to achieve higher incomes and jobs for our people.

This will require tough choices from every American. But before I turn to the middle class for help, I will turn to those who did so well in the past decade.

This past week, we began by getting our own house in order. Too often in recent years, our government has been on automatic pilot. It has grown more to satisfy its own needs, while it became less able to serve those of the people. America has changed, but Washington hasn't. Now -- as so many businesses have before -- government must reform itself if it is to regain the people's trust.

On Tuesday, I kept my campaign pledge to cut the White House staff 25% below the level left by my predecessor. Yesterday, we

extended these measures to the entire federal government. I ordered that the federal bureaucracy be cut by 100,000 positions, with at least ten percent coming from senior management. And I ordered each agency and department to reduce administrative costs by \$9 billion over the next four years.

ORC
But just as I have confronted government, I must challenge business. To replace the old social contract -- inequality for prosperity -- we will offer a new one -- do your part, pay your share, join our national effort to make the economy grow, and you will garner the rewards of a growing economy.

I want to tell you about what my plan will offer business -- and what it will expect in return.

My plan will give you the climate you need to grow.

We will invest in people and guarantee the best trained workforce in the world. The information age places a premium on well-trained and flexible employees. If American workers aren't the best in the world, business won't locate here or stay here.

We will lower your cost of capital through long-term reductions in the deficit. Next week I will outline a credible, difficult, but necessary plan to reduce the deficit in the long-term.

I will not insult your intelligence: the deficit will not vanish in a flash. But we will cut the deficit -- and it will be the first time since the 1940s that our government has succeeded in dramatically slashing its debt.

We will bring health care costs -- yours and every citizen's -- under control. Right now, health care costs are rising at three times faster than the rate of inflation, and threaten to throttle small business and large corporations alike. Health care hyperinflation is the single biggest cause of strikes, and a significant competitive disadvantage in the world.

We will do something the governments of our competitors do without apology -- we will forge a pragmatic partnership with the private sector to strengthen America's technological leadership. Among other things, research and development resources must shift toward technology that will translate into commercial success, and we must work together to create a national information infrastructure.

And we will give you incentives to invest. We will reform the corporate tax system to ensure that it rewards and encourages those who invest in productive equipment and research and development, so we can create jobs and compete in the global market.

That is what we will offer business. What will we ask in return?

First and foremost, we will ask the wealthy and corporations to pay their fair share for a healthy economy. Those who made the most in the 1980s will now have to pay the most as we recover and move forward in the 1990s.

The economic plan I will propose next week will call for a significant increase in the income tax rate on the wealthiest Americans, those who earn over \$200,000. This income tax increase on the wealthy goes beyond the rate I envisioned during the campaign. But our situation has worsened, and I will ask the wealthy to pay their fair share.

In addition, I will be proposing an increase in the corporate income tax. Too many corporations pay too little in taxes. We will close the loopholes and raise the rate.

And American corporations must stop using the tax code to subsidize regal lifestyles and workplace inequality. CEO salary soared from an average of 30 times that of the average worker in 1980, to 130 times that of the average worker in 1990. When American companies pay their executives more and more while shopfloor wages fall further behind, the middle class taxpayers shouldn't subsidize lavish CEO pay through the tax code.

Accordingly, I will ask the Congress to end the ability of corporations to deduct CEO salaries above one million dollars. If an executive is really worth that much more, the company will pay the price. But middle class taxpayers shouldn't have to pony up, too.

Finally, I challenge you in your own lives to continue the management revolution that has helped transform so many businesses.

American companies have improved their ability to compete in the international marketplace, but our competitors have not stood still.

To become world class competitors, U.S. firms must increase employee involvement and participation, continuously improve quality, make long-term investments in plant, equipment and research and development, and reduce the time required to bring new products to market.

* * *

I realize that my plan will be controversial. The forces of special privilege will oppose it, and already we hear that

lobbyists of every pinstripe are preparing to pounce. But I am ready to stand up to them, on behalf of men and women who want a stronger America.

I ask you to join with me. I ask you to spread the word, among your colleagues in the business community, that you are ready to join in and sacrifice to make America strong.

As our nation has at every time of crisis, we will pull together. If you stand with me, if we all stand together -- business and labor and consumers, the middle class and the responsible rich -- we can renew America.

Governor
BILL CLINTON

**National
Association of
Manufacturers**

**Washington, DC
June 24, 1992**

REMARKS BY GOVERNOR BILL CLINTON
NATIONAL ASSOCIATION OF MANUFACTURERS
WASHINGTON, D.C.
JUNE 24, 1992

Thank you. Thank you very much. Thank you very much, President Jazanowski. Ladies and gentlemen, thank you for that warm welcome. Thank you for the critique of my economic plan. And I will seek to respond to each of the things that you've said as we go along.

Let me begin by saying that this has been an amazing election already, nothing quite like it. The candidates have taken to the talk show circuits to relate directly to the American people. And even there, have to endure a fair share of humbling experiences. I thought I had finally made it as a first rated musician when I got to play saxophone on Arsenio Hall, only to hear him say he was certainly glad to see a Democrat blow something besides an election.

I intended to go all across the country publicizing my humble roots only to find Vice-President Quayle saying that I was a member of the cultural elite. Since I may be the last person ever to seek the presidency who once lived in a home without indoor plumbing, I could not fathom how in the world I may be culturally elite, but I do think it may have something to do with the fact that I can spell "potato".

I have been bewildered by the reports of recent days where apparently Mr. Perot has been about the business of investigating Mr. Bush and his family and children. Mr. Bush has complained about that even though we know that the Republican National Committee has investigative apparatus that rivals the KGB at its height. And I have the unenviable position of being just a guy who spent all of his time trying to investigate the problems of America and what we might do about them.

This is partly because of the way I have lived the last decade or more, as a governor of a state, always one of the poorest states of America, struggling to be more competitive in the global economy. The state with a falling agricultural income that was completely beyond my control because of global forces and national policy. The state with a manufacturing base that when I became Governor was strong, but fragile, very vulnerable to lost lives(?) because so many of the jobs were relatively low-skilled, low-wage jobs in an increasingly competitive global economy.

I set about as Governor of my state to do something I think our nation ought to do, to develop a national economic strategy except we did it on a state basis. And we decided we would root that

strategy in manufacturing -- in trying to keep our manufacturing base and enhance it. We were, I believe, the first state to offer a significant investment tax credit to existing manufacturers who had spent \$5 million or more reinvesting in our state.

Over the last ten years, we've grown manufacturing jobs at ten times the national average; 22% of our work force is in manufacturing as compared with about 16% for the nation as a whole. We have enjoyed a remarkable amount of cooperation between business and government. And in 1991, in an unprecedented move, the Association of Industries and the State Chamber of Commerce Executive Board voted to ask us to raise by one-half percent the corporate income tax if we would put the funds into a trust designed solely for the education of the work force in our state. It has been an interesting and rewarding experience.

I have watched, meanwhile, while our country has continued to lose ground in overall productivity growth, notwithstanding, as your President said, the very impressive productivity range(?) in manufacturing in the 1980s. While we have quadrupled the federal deficit and at the same time unbelievably reduced national investment in those things which will make us a wealthier country.

All of these things played some role in my decision to run for President. I frankly got angry when year in and year out, both parties in Washington produced a gridlock that never seemed to create any decisions except those which operated for the short term benefit of people who were very well organized and had narrow interests rather than for the long term benefit of the American economy as a whole.

I believe that we are in trouble because we've been gripped by a simple idea that is dead wrong. Our idea has been -- in the last two administrations -- supported in funny ways that almost made it worse by Congress members who sometimes agreed and sometimes disagreed. The idea was that if we just got taxes low enough on the wealthiest individuals and on corporate America and got out of the way, if we shifted the burden to the middle class and off onto the deficit, that investment would occur and we would get growth. We were asked to take a bargain for the last 12 years: greater inequality for greater growth.

The first part of the bargain came true. We now know -- from widely publicized reports just in the last few weeks -- that 70% of the gains in the 1980s went to the top 1% of the American population. We now know that for the first time since the roaring '20s, the top 1% of our population controls more wealth than the bottom 90%. We now know that the savings and loan bailout is the greatest single transfer of wealth from middle class taxpayers to upper income insured people in the history of the United States of America.

But we also know that in the bargain, we didn't get high growth.

We got low growth. We know now that, based on census data, two-thirds of the American people are working harder for lower wages than they had ten years ago in real dollar terms. We know that most middle class people are paying higher taxes, paying more for health care, for housing, for education, even though they have lower incomes. A recent study showed that the average American family is spending 150 hours per year longer on the job and less time with their children than they were spending twenty years ago.

Not surprisingly, voters in this country are angry and they're disappointed. I can understand their frustration. It's also true that the government alone is not to blame. In the last 10 years, according to the business magazines, not some political production, executive salaries have gone up by four times the percentage that workers' salaries have gone up, three times the percentage that profits have gone up.

According to the report in the Philadelphia Enquirer by two Pulitzer Prize winning journalists entitled "America, what went wrong?", in the 1950s, we were spending \$3 billion in new plant and equipment for every billion dollars in interest payment. In the 1990s, we're spending half of that. In the 1950s, corporations paid \$2.3 billion in taxes for every \$1 billion in executive compensation. Now those numbers have been reversed.

What has been the result of all of this? Just a couple of days ago, USA Today carried an interesting analysis by 18,000 business executives around the world rating the nations of the world in terms of their economic performance. In this rating system, the United States had fallen from second last year behind Japan to fifth behind Japan, Germany, Switzerland, and Denmark. The business executives themselves rated America fifth because they said we were inferior to these other countries in the education and training of our work force, in our ability to move ideas into production in jobs in our own economy, because we are falling behind every year in infrastructure investment, investing in communications, in transportation, into things that public investment does to generate private economic growth, and because our productivity lags behind many other nations.

In the last ten years, we've gone from first to tenth in the world in wages. It is clearly time to reassess our present position and to change our policies. This has not very much to do with Republicans and Democrats, and everything to do with whether we're prepared to face reality, identify the problems, meet the competition, and restore America's long-term economic health and well-being.

I certainly believe that manufacturing has to be a key to that strategy. I had an interesting argument in the course of this campaign with a man who has some plants in my own state who said to me, absolutely seriously, that he thought America would do fine if all of our manufacturing base moved offshore and we had to generate jobs out of a service economy.

Now, when I was a boy growing up in Arkansas, we were all dominated by the lure of the Great Depression. And my granddaddy used to tell me that in the Depression, people were so poor, they had to take in one another's washing for a living. That's where we'll be if we stop producing things in America.

So we may have differences of opinion, you and I, over my economic programs, and I welcome those, and I want to respond to them. But I want you to know that I believe that this country has to produce in order to be great. This country has to produce in order to get its growth rates back. If the rest of the economy had the same productivity growth rate that manufacturing had in the 1980s, we wouldn't be in half of the trouble we're in today. We have got to rebuild our manufacturing strength, maintain it, and do it while increasing our exports, but maintaining a strong manufacturing base here at home.

Now, what is the reality we face? Yes, we have a \$400 billion deficit, a deficit that you can lay at the feet of both parties since we know if all of the budgets presented by the last two Presidents had been adopted by Congress exactly as they were presented, the deficit would be even bigger than it is, but that the Congress did adopt budget compromises which also led to the position we now find ourselves in.

As I said, this budget deficit masks another deficit, and it's very important to focus on this so that I can answer one of the points that your President made about the trade-offs between public investment and reducing the debt. While we quadrupled the debt in the last 12 years, we also reduced investment. Every company here represented, I would bet, has taken on some debt at some time. Most of you in your private lives have taken on some debt at some time. Families borrow money to finance a car, a house, a college education for a child. The anticipation is that the investment will produce a greater return than the cost of the borrowing.

Businesses borrow money to build new plants and equipment, to start new businesses, to expand, to train the work force sometimes. But we don't like to borrow the money to meet the payroll or to pay for dinner for the kids, or, as farmers say where I come from, you don't like to get to the point where you're eating your seed corn. That is the tragic dimension of the American deficit we must focus on. We have not only increased our debt, we have reduced our investment. So more and more of our debt, if you will, is eating our seed corn, taking our kids to dinner, and making payroll. Less and less of it is for investing in the future that will produce more wealth, greater growth, and a greater return than the cost of borrowing. And that is a critical, critical element. In my analysis of this -- you have to decide whether you agree -- but the facts are inescapable; we increased the debt and reduced the investment at the same time. And that made a major contribution to the drag on our economic growth for the last 12 years.

We also have taxes going up while incomes go down on middle class

people, because even though the Tax Reform Act of '86 reduced rates on most people, there were six increases in Social Security taxes which capped out at about \$51,000 a year, which meant that the vast majority of Americans had their incomes going down and their taxes going up, caught in a double bind in the 1980s.

Now, I have offered a plan which I think responds to these problems and which I believe will make us more competitive in the global economy. It may be, to respond to the second criticism, that there was not enough language in the plan I presented about that. But every recommendation I made was with the thought, "What are our competitors doing? What will it take to generate a high-wage, high-growth economy in America instead of a hard-work, low-wage economy? How can we have more job growth and income growth?"

And here is what the plan does. It recommends that we increase investment in America by \$50 billion a year over the next four years through government incentives, either private investment, investment in education and training, or investment in public infrastructure, in communication and transportation, in building an economy in the 21st century.

It recommends that we invest -- excuse me. I'm having trouble with my voice. It recommends that we invest in reducing our deficit, and that we reduce the deficit by more than 50% over the next four years with very modest growth projections. And if you take the projections that Mr. Darman has made for rosy growth over at the Office of Management and Budget with nowhere near this level of investment, if his projections are right, we will reduce the deficit by over 75% between now and the end of the next four year presidency. It pays for these investments in this deficit reduction, one-half from raising money from those whose incomes went up while their taxes went down in the 1980s, and one-half from a vigorous program to cut government spending in inessential areas.

Let me come back and go through each item, if I might. One, investment: as the President said, I recommend that we increase private investment by adopting a permanent and broad-based investment tax credit, a credit for new business investment, a research and development tax credit, a low-income housing tax credit. I also recommended something that I think may be somewhat controversial, that we restrict tax deductions for the cost of shutting operations down in America and putting them overseas. I have done my best to put that recommendation on a parity with a tax code for most of our European competitors.

I recommend that we increase cooperation between government and the private sector, in commercial technologies much as we have done in defense technologies with the Defense Advance Research Products Agency. I recommend that we consolidate our efforts in product research and development in a new civilian agency and increase our investment dramatically to help identify the new technologies in the 21st century and help to move them from the developmental stage into the product stage in the United States. Everybody who looks

at this problem says that we still do a pretty good job of doing basic research although we're losing ground in the patent war in America every year because we're underinvesting in research.

The Japanese, with one-half our population, spend twice as much real dollars, not per capita, real dollars as we do in commercial R and D. The government has to do a better job of increasing partnership. I'm not talking about picking winners and losers. I'm talking about the technologies that we know will shape the future of the 21st century in making sure that we have our fair share of those jobs.

One of the saddest things that many people who were down at the Rio Earth Summit talked to me about when they came back is that other countries were down there doing a better job of promoting products they manufactured in their country for environmental technologies and environmental cleanup that are good investments that create jobs. 70% of major American markets now are dominated by foreign firms, partly because we do not have a good enough system of cooperation to take ideas and turn them into manufacturing jobs here at home. So I feel very strongly that this needs to be done. It needs to be coupled with an aggressive trade policy to open new markets and to expand markets.

I have generated some controversy in my own party, as you might imagine, because I said I would have voted, had I been a member of Congress, to authorize the fast track negotiations with Mexico, but that I want a trade agreement with Mexico that will increase prosperity on both sides of the Rio Grande River by raising labor standards and environmental standards there in return for greater trade and investment.

A rich country can only grow richer by expanding its exports and its trade. And we have to do that, but we have to do it on terms that are generally fair to the United States of America, something we have not always done in the past.

This plan also increases public investment in two big categories; one, public investment to build an economy for the 21st century, \$20 billion a year for roads, for streets, for rehabilitation of basic facilities, for a high speed rail network, for a national fiber optics network, for the technologies for short-haul aircraft and other things that will permit us to build the kind of infrastructure we need. We are way, way, way below any other major country in the percentage of our income we invest in these kinds of things. We have to meet the competition, and there is a direct return of jobs and income in the private sector. This money is going to be put out to contractors in the private sector, and that kind of investment will generate even more private sector jobs. Everybody says this part of the program alone will generate at a minimum a million jobs a year in the private sector for each of the next four years.

Number two, we want to invest that much or more in the education

and training of our work force, full funding of Head Start, more emphasis on programs for children from disadvantaged homes and in disadvantaged schools, smaller classes in the early grades, implementation of real national standards in our schools, and a national examination system that means something that will measure whether our young people are learning what they need to know by international benchmarks.

And next, and perhaps most important, a new partnership between government, education, and business to provide a guarantee of two years of further training to every young American who finishes high school but does not want to go on to college. We are alone among our competitors in not having a system for the forgotten half of Americans who don't go to college. We've got to train everybody to do a better job in the work force. That's why the manufacturers in my state said, "We'll pay for two years of further training if you'll dedicate it all to training the workers in our plants for tomorrow."

That's one of the things that we could all agree on, I hope, that America has to do: we have got to have a comprehensive apprenticeship program to meet the competition and to lift the earnings of our younger workers. The census data shows that workers under 30 are earning 17% less in real dollar terms than they were 15 years ago. They are not worth more in the global economy. We have to invest them with that worth because we live in a world where what you earn depends on what you can learn. And we have got to do this for the non-college bound young people.

Next, there is a program -- which I think is the most exciting new idea in the package -- which would replace the existing student loan program and make it possible for any American to borrow the money to go to college by combining two of the best ideas this country ever had: the GI Bill and the Peace Corps. Today the student loan program costs you about \$4 billion a year as taxpayers, \$3 billion in loan defaults which are unconscionable mostly, and a billion dollars in bank transfer fees.

What I propose is the government establish a domestic GI Bill, a national service trust fund out of which any American can borrow the money to finance a college education, and then pay it back in one of two ways: either as a small percentage of income every year at tax time so you can't beat the bill, or, better, with two years of service to our country here at home paid for at a reduced salary, dramatically reduced salary for two years by the national government. Come home and be a police officer, be a teacher, work in a program to keep kids off drugs and out of gangs, do things to help solve the problems of your community. We can make a major dent in many of our social problems and educate a whole generation of Americans.

At the end of World War II, we had to rebuild Europe and Japan. We're now at the end of the Cold War and need to focus on rebuilding America. This would be the best money we ever spent. I

cannot tell you how enthusiastic the young people of the country are who I've talked to about this, how eager they are. I can't tell you how important it is to many people with whom I talk to around the country who are trying to solve the problems of their communities.

The third thing I want to say is that we need to do something about adult education. Here one of my recommendations may be quite controversial in this group, and so I want to put it out on the table and invite your response now or later. I recommend that we invest more federal money in trying to make sure that every adult with a job can read in the next five years.

In my state, we have drastically increased the number of people in adult education programs and the amount of money we're spending on it. I believe in that very strongly. I'm trying to make sure everybody with a job gets a chance to learn to read and then get a high school diploma, and when the work force is of any size at all, we bring the people to the work force to teach the courses there. But I also know we have to do a better job of retraining the work force. And so one of the controversial things in this program from your point of view is my recommendation that we require all major American corporations over a certain size to devote one and a half percent of payroll to worker retraining every year. Now, that's the average that is spent in America right now. So that's not the problem.

The problem is that in America, again, as opposed to our high-wage competitors; we spend more money on people at the top and less money on people on the front line. 70% of the training dollars in this country are spent on the top 10% of the employees in the corporate hierarchy. In our competitors, more of the training dollars are spent on the front line.

This is my recommendation to meet the competition. If you don't like it, I welcome your response and tell me why, but I know this: we've got to do a better job of drastically increasing the productivity of our front-line workers. We ought to reward businesses who do it. And those who don't, we need to have them contribute into a fund so that the government can pay for it because we're going to have more and more people who aren't trained, aren't employed structurally for longer periods of time, and we have to find a way to make them competitive in this economy so we can push them back into it in ways that will make them worthy employees for you.

Next area is the family investment component of this. As your President said, I did scale back, but not eliminate all tax relief from middle class people for two reasons. One is there's the essence of fairness. This is a group of people whose taxes went up while their incomes went down, just the reverse of what happened to upper income people. That's very important. These are the people who are paying for the S and L bailouts. These are the people who are paying for the interest cost on the debt. These are the people

who are paying for a government that has lost its way while their own incomes are not going up.

The more important thing is, we are also taking a much higher percentage of most families' incomes away from them and away from their children than we were 30 years ago. The children's tax deduction a generation ago really left a much higher percentage of people's income to raise their kids. So what I have left in this program is an election for most middle class taxpayers. You can take a children's tax credit or a modest income relief in the next few years so that we can build into this system reward for work in family.

We talk about family values all of the time in America, but the truth is, we make it harder to raise kids than just about any country. We talk about family values, but the truth is, we're about the only country without a family policy. That's why I favor the family leave bill. Even though it is unpopular among some employers, our competitors manage to do it. The Germans, the Europeans, others manage to do it. And I think we have to -- we have to reverse the rearing of children as still the most important work of any society.

The second thing this program does, which I hope you will all support, is to say that anybody who is out there working 40 hours a week, raising children, should have a benefit of a tax system which lifts them above the poverty line. We could increase the earned income tax credit by a couple of billion dollars a year, and, far more efficiently than raising the minimum wage, lift the working poor out of poverty. The great explosion of poverty in the 1980s was among working people.

When Los Angeles broke out in riots, the great unsung heroes in Los Angeles were the working poor whose children stayed home, who did not loot, who did not burn, who did not steal, who did not riot. There are millions of people in this country everyday who are living on unsafe streets, in difficult housing, doing difficult jobs, working like crazy, obeying the law, playing by the rules, who literally do not make a poverty level wage or a wage above poverty.

The earned income tax credit, made refundable and increased, can lift these people above the poverty line. They will invest that money by spending it in our society. We will get it back. It's one way of America saying, "Hey, we're going to reward you. If you work hard, play by the rules, you work 40 hours a week, you've got a kid in your house, the tax system ought not to leave you in poverty." I think it's a good idea, and I hope you will support it.

This program also calls for changing the welfare system as we know it. It would require us to invest some more money in people on welfare in education, training, child care, medical coverage for their children. We'd say, then after we do that, when you can get

a job you must take it. You cannot stay on welfare if there is a job available -- once we have supported your children and empowered you to go to work. If no private sector job is available after two years, then you must do community service work. We have to end welfare as we know it. It should be a second chance, not a way of life.

I would also say that this program would call for a very tough national system of child support enforcement, to reinforce these family values. It is a national scandal that we have billions and billions and billions of dollars in uncollected child support every year, up and down the income lines. Because people know they can cross state lines and get away with it. And we are going to toughen it up. Well, that's the investment side. We also cut the deficit by more than fifty percent. And as I said, if we take Mr. Darman's recommendations on growth -- by more than 75 percent.

Why would we do both, and how are we going to pay for it? Let me deal with why we'll do both one more time. A country's level of investment determines growth rate. If we didn't invest any of this money and we put it all against the debt, so that you had tax increases and spending cuts funding only deficit reduction, in my opinion you still have low growth and the deficit would be greater than you think it's going to be. Why? Because you'll have fewer people paying taxes into the government, and more people drawing taxes out. So, we have to increase our level of investment and reduce our debt at the same time.

Why will we pay for it with a combination of tax increases and spending cuts, and will the tax increases retard economic growth? I don't believe they will. Why? Because we asked people to pay taxes whose incomes went up and taxes went down in the 1980's. Principally, a rate increase on people with incomes above \$200,000 a year and a surcharge on incomes above one million dollars a year. Roughly the same program that Senator Bentsen got the Congress to adopt, but the President vetoed.

Most of that money, today, is being used for consumption. When that money is given in taxes to the government, it will all be used for deficit reduction or for investment -- every last dollar of it. We also ask for a strengthening of collections of taxes on foreign corporations doing business in America. Why? Because in the eighties, incomes for foreign corporations went up sixty-five percent -- tax receipts went down fifteen percent. More tax avoidance. So we seek to collect about ten billion dollars there. I remind you that \$150 billion over four years seems like a big figure. Let me give it to you in another way, that's less than forty billion dollars a year in a government that this year will spend 1.4 trillion dollars.

So, as a percentage of overall public spending this is a very small percent. I also propose to have real meaningful spending cuts -- three percent a year reduction in the administrative budget of every federal department. The elimination of 100,000 federal jobs

by attrition. The United States, even though we have big state and local governments, still has more federal employees per capita than Germany, Japan and Great Britain. We have more federal employees per capita.

We regulate more and create fewer productive environments. What I want to do is to require all these federal bureaucracies to go through the same sort of restructuring process that many major American companies have already been through. The kind of quality management rebuilding that will reduce middle layers of management, push decisions down to front line workers, do less with regulation and more with environmental--changing the environment, I don't mean environmental policy--I mean changing the environment in which people work. Although I'm for that too. But you have to change the environment in which people work. That would save, alone, billions of dollars.

I want to set an example, I'll cut the White House staff by twenty-five percent, and send a budget to cut Congressional staffs by the same. We have grown the government by way too much in the last twelve years, as we got into more and more paper pushing, and less and less changing of the conditions in which we live.

We can reform procurement practices and inventory practices. There are 1.2 million containers of nasal spray in the Pentagon's inventory storage today. Clothing going back to the fifties -- unbelievable opportunities to save money. Every recommendation I have made for spending cuts is a recommendation made by the General Accounting Office of the government, by Congressman Dorgan's government waste commission or by something that I know from my own experience as the longest serving governor can be done in the federal government and done immediately.

We need to reduce the amount of government spending by the government. I'm just as against trickle down government as I am trickle down economics. I want to give that money back to people at the grass roots level to invest in America. Now, I favor, to get this done, a pretty tough system of political reforms -- some of which you may be for, some of which you may be opposed. But I want you to know what I think has to be done to open this system up so it will work for all of the people.

I think the influence of political action committees should be reduced. I don't think a PAC should be able to give more than a person, no more than a thousand dollars.

I think the general election costs to Congress should be limited.

I think that television stations and radio stations that have access to government monopolies should have to open the airwaves to honest debate, so that TV can become an instrument of education, not a weapon of assassination again. Not 30 second ads but real debates and discussions over issues.

I want to have less micromanagement of health care by government, and more systematic changes to keep this system in line with inflation. That would do more to help our manufacturing be competitive. It would do more to help our automobiles be competitive. We have a \$600 per car differential today and health care costs between American cars and European and Japanese cars. We can not continue this.

So that is the thing I close with. The thing that makes all of this work is a determination to bring down the relative cost of the entitlements of America by controlling health care costs.

Now, this is a plan I think that will put America back to work. I don't agree that the taxes are prohibitive, or will retard growth. I do agree with your second comment, that all of this has to be done in the context of the global economy.

And finally, even though I went to law school, if you can give me any recommendations to reduce legal costs that don't do damage to the environment or worker safety, I would love to have them. I want to challenge each and every one of you. If you don't agree with my program, write me and tell me what's wrong with it. Tell George Bush and Ross Perot you want to know what they'd do if they got elected President, too.

You know, this program is the boldest, most specific, most comprehensive plan ever offered by a major candidate for President. I am doing it because I don't want the job to live in the White House and go to Camp David on the weekends. I think this country is in trouble. I want to turn it around. I want you to be a part of it. We're all going to have to change to do that.

I have challenged labor unions to change, the AARP to change, teachers' organizations to change. I have challenged people to reach across racial and ethnic lines. I want you to be a part of this. This is not a partisan election; it's an election about whether we can rebuild and reunite America. Thank you very much.

**THE WHITE HOUSE OFFICE
TRAVEL AUTHORIZATION**

NO. 62315

Date of Request 2/11/93

1. TRAVELER:

Name: BRUCE REED White House Staff
 Extension: 6515 Room: 216 OEOB Other: _____

2. PURPOSE(s) and DATE(s):

2/13 SPEECH TO NAT. ASSN. OF MFERS.
2/14 SPEECH TO URBAN INSTITUTE CHILDREN'S ROUNDTABLE

3. ITINERARY:

FT. MYERS, FL AND FT. LAUDERDALE, FL
(List all cities where stopovers occur.)

4.

DEPARTURE			RETURN		
Date:	Time:	Mode:	Date:	Time:	Mode:
<u>2/12</u>	<u>11 AM</u>	<u>CO AIRLINES</u>	<u>2/14</u>	<u>4 PM</u>	<u>US AIR</u>

5. FUNDING SOURCE:

OFFICIAL POLITICAL 501 (c)(3) OTHER _____

6.

SPECIAL EXPENSES	TRAVEL ADVANCE REQUESTED
<input type="checkbox"/> Commercial Car Rental <input type="checkbox"/> Taxi <input checked="" type="checkbox"/> Hotel Name: <u>MARCO IS. MARRIOTT, 2/12 BOCA RATON CTR, 2/13</u> <input type="checkbox"/> Other: _____	<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Amount \$ _____ Recipient's Signature: _____ Date: _____

Please See Reverse Side for Further Instructions Regarding Travel Expenses

7. TRAVELER'S SIGNATURE:

[Handwritten Signature]

(I have read and agree to the terms set forth on the reverse side.)

8. APPROVING SIGNATURES:

Office Head: _____

Approving Official
 (Political or Foreign Travel): _____

Special Assistant to the President and
 Director of White House Operations: _____

9. FOR TRANSPORTATION OFFICE USE ONLY:

Control No.: _____ Account: _____

ORIGINAL (Return With Voucher)

THE WHITE HOUSE
WASHINGTON

February 11, 1993

MEMORANDUM FOR BRUCE REED

From: Chris Lin *CL*
Office of Public Liaison

Subject: Travel

Bruce, attached please find the travel authorization that you must fill out before this Friday's trip.

NAM has your reservation to Ft. Myers from Nation for 7:00pm Friday.

* You need to speak with Barney x2250 (White House Travel) to arrange for your return. *

Ground transportation and hotel room for Friday night has been arranged for you by NAM. If you are planning on staying at Marco Island Saturday night, please let me know, so I can extend your stay.

If you wish NAM to pay for these expenditures, you must submit a special form to Cheryl Mills (OEOP Rm 128). Otherwise, the White House will make the arrangements for you. NOTE: you will have to be reimbursed to whatever hotel expenses you will incur.

Simple as pie.

Please let me know if you have ANY problems. I am at x7620.

I will send over a briefing on Friday

bet
GTE
FORM