Files of John D. Podesta / Staff Secretary

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NARA 3905

Box 1

- Correspondence from Bill Gould
- Administrative Conference of the U.S.
- Confirmation of Larry Lawrence
- Memorandum recommending Duvall Patrick for Assistant Attorney General for Civil Rights
- Background information on Peter Edelman
- Memorandum regarding head of state immunity for Sheikh Zayed
- Background on Armstrong v. Executive Office of the President [three files]
- Background information on the Achieves

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Box 2

- Black Binder of Issue Briefs
- White Binder of Writings by John A. Payton, Jr.
- Black Binder with the Public Hearing of the National Information Infrastructure Task Force / Information Policy Committee / Working Group on Intellectual Property
- Blue Binder with NLRB Third Vacancy Slot Resumes
- Public Hearing on Intellectual Property Issues Involved in the National Information Infrastructure

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Box 3

- Intellectual Property / NII Roundtable - December 19, 1994
- Report to the President: Economic Package Outreach Plans
- Presidential Review Directive [PRD] 29 Task Force [5 binders]
- Brief Q & A on Clinton-Gore Economic Plan [3/1/93]

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Box 4

- A Vision of Change for America briefing materials - February 17, 1993
- Economic Background Materials

4 boxes recd in ORM 6/30/95 TT
filed 7/3/95

Box 3

- Intellectual Property / NII Roundtable - December 19, 1994
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BRIEF Q & A ON CLINTON-GORE ECONOMIC PLAN

Deficit increase

Question: Did the President, as journalists have charged, know about the deficit increase during the campaign and not shoot straight about raising taxes?

Answer: Putting People First was based on January 1992 budget and deficit estimates. The deficit did get somewhat worse during the campaign, but not enough to have forced President Clinton to have had to raise energy taxes to hit our current deficit targets.

But then in January 1993, just two weeks before President Clinton took office, Bush Budget Director Darman revealed that in fact, the deficit in 1997 would be another $70 -$100 billion higher than he had said it would be in August. The Congressional Budget Office also agreed the deficit in 1997 would be a lot bigger -- closer to $30 billion more. Our transition officials found the numbers showed we were $50 billion higher. No one -- no one -- had the capacity to know what the January 1993 CBO and OMB numbers would be before they came out. Therefore, no matter whose numbers you believe, the facts are clear: the deficit is much higher than anyone could have known last summer.

Follow-up: But didn't candidate Clinton tell Business Week in July that the 1997 deficit could hit $400 billion?

Answer: No. Clinton was, in fact, referring to some projections that the 1992 deficit would be massive because of the Savings and Loan bailout and other factors.

Deficit claims in OMB document

Question: Why did OMB mislead the public when it claimed the plan would cut the deficit by $500 billion?

Answer: There's been some confusion about what are called "gross" and "net" deficit reduction numbers. But lets be clear: the Clinton budget cuts the deficit by $325 billion over four years even when you include the $160 billion of new investments the President calls for. [Over five years, the plan reduces the deficit $472 billion net, while also doing over $220 billion in new investments.] The plan will reduce the deficit by $140 billion in FY1997 alone.

Taxes on the middle class

Question: When Bush did a commercial saying that people making $36,000 would pay higher taxes, the President said it was despicable. Yet, now it seems that Clinton intends to raise taxes on such families. Hasn't Clinton's critique of Bush's commercial proven to be unfair?

Answer: Absolutely not. Clinton stated that his income tax proposal would apply only to the top 1-2%. What he proposed in his budget was only on the top 1.2% -- families making over $180,000. Almost 99% of Americans are untouched by increases in the income tax -- just as Clinton promised.

Even when the deficit increased after the campaign by an additional $50 billion, Clinton ensured that average families were touched as little as possible -- no more than $17 a month for an average family -- while millions of families will pay far less when you count their reduced mortgage costs as a result of reduced interest rates.

Follow-up: But isn't it the biggest tax increase of all time?

Answer: No. The Reagan tax increase of 1982 was larger and far less fair.

Question: Is the President, by using the concept of "family economic income," misleading people about the real impact of his plan on their taxes?

Answer: For more than twenty years the Treasury Department has consistently used "family economic income" when it calculates tax impacts.

Opponents of the Clinton plan are trying to scare the public by making people believe that the Administration is suddenly changing the way it calculates how much you owe in taxes. That's not true.

Look at what the nation's top accounting have shown: Coopers & Lybrand found that for a family of four making $55,000 adjusted gross income, their tax rate would go up less than $11 per month; Arthur Andersen showed that a family of three making $25,000 would actually receive a $700 tax cut because the increase in the Earned Income Tax Credit is much larger than the energy tax.

Spending cuts

Question: Are the Republicans in Congress right when they charge that the Clinton plan doesn't really cut spending?

Answer: Listening to the Republicans talk about cutting spending is like listening to Al Capone talk about cleaning up street crime.

The Clinton plan, in fact, cuts almost $250 billion from defense and 150 separate domestic programs over the next four years. These are specific cuts and they required tough decisions. The President had the courage to detail these cuts and the critics should either come up with specific cuts of their own or shut up.

In fact, if the Clinton plan is adopted, we will spend less -- as a proportion of our national income -- than either Bush or Reagan. [Government spending under the Clinton plan would average 22.7 percent. Under the Republicans, it averaged 23.3 percent.]

Question: Why did the Administration break its promise to offer two dollars in spending cuts for every one dollar in taxes?

Answer: The Clinton plan cuts almost $250 billion from defense and 150 separate programs over the next four years -- and puts almost all those cuts into effect immediately. It is a serious and balanced plan to bring down the deficit and restore economic growth.

The important thing is that the President has said that he will not raise any new revenues unless Congress also votes to cut spending. In addition, the ratio of spending cuts to taxes grows each year. By the fourth year, spending cuts outstrip revenue increases and the gap gets bigger each year after that. We welcome the critics to come up with their own specific lists of further spending cuts.

Question: Isn't the Clinton plan just a ruse to take credit for spending cuts that would have happened anyway under the 1990 Budget Agreement?

Answer: No. Every single one of the 150 programs we cut is a new cut creating new savings and additional savings. The 1990 Budget agreement had caps -- it didn't say what the cuts were, or who would have the courage to identify and call for them. By filling in the black box with real and specific reductions, the Clinton plan converts smoke and mirrors into concrete spending cuts.

Question: What about the various critics who say you should just cap spending, and that will solve our deficit woes?

Answer: The magic asterisk solution to the deficit has been tried before -- and failed. Calling for a cap on spending is the easiest way to avoid making the tough calls and no way to get a handle on the deficit.

The Clinton plan is specific, balanced and fair. It calls for almost $250 billion in cuts in 150 separate programs.

Question: How can you count savings in interest payments as spending cuts?

Answer: Only Republicans who presided over the quadrupling of our national debt would have the gall to ask this question.

When a family gets behind and has to pay interest on its Visa bill, it spends more money each month. When the Federal Government pays interest on an ever-expanding debt, it is wasting the taxpayers' money. When we pay less interest, we spend less.

Question: Why do you count increasing Social Security taxes as a spending cut?

Answer: This is a long standing practice used by the Bush and Reagan administrations for years. The important point is that we need to reduce spending on entitlement programs to reduce the deficit, and we have taken a measure to reduce such spending in a fair and progressive way that leaves untouched 80% of all Social Security recipients.

Question: Why does the Clinton plan count user fees as spending reductions rather than tax increases?

Answer: If the government is asking users of a service to pay more in fees, its costs go down. Therefore, the program costs less to the government.

Every Republican budget produced since 1981 has included user fees as an offset to spending. This is not a new practice.

Question: Isn't a boost in the earned income tax credit really a spending increase?

Answer: This is standard budget practice. It is amazing that when we give a tax cut to working people, as opposed to the wealthiest Americans, some people want to call it spending.

Note: It is possible that Congressional Democrats may insist on counting a portion of the increase in the Earned Income Tax Credit as a spending increase.

Gramm-Armey:

Question: What about the Gramm-Armey plan? They call for a Balanced Budget Implementation Act that would put a cap on entitlements, used fixed deficit targets and sequestration to balance the budget by the year 2000. What is wrong with that, especially if they are only capping non-Social Security entitlements at inflation as they claim?

Answer: Their plan is just another gimmick designed to allow some members of Congress to hide behind a scheme that allows them to sound tough on the deficit, without having to summon the courage to specifically say what they would cut.

Gramm-Armey does not call for a single new dollar in training for laid-off defense workers, for anti-crime initiatives, for fixing the environment, for the best children's programs like Head Start and WIC or for welfare reform.

According to Congressional experts who have studied their plan, it could only be implemented with devastating cuts that could set our nation back decades. To reach their goal through across the board spending cuts, they would have to cut everything by 33%. That means brutalizing Medicare and Medicaid. That means, according to one Congressional study, that we would need a 33% cut in our veteran programs, a 33% cut in federal judges, a 33% cut in the FBI -- 3,000 less agents, a 33% cut in federal drug enforcement officials, and a 33% cut in programs like Head Start, child immunizations.

Kemp-Weber:

Question: How about the Kemp-Weber proposal -- "Empower America?"
Answer: It is the same old thing: nice words, no courage, major deficit increases and a wish list with no specifics.

Mr. Kemp calls for hundreds of billions in all sorts of tax cuts to everyone imaginable. He would spend hundreds of billions reducing the payroll tax cut, increasing the personal exemption, while reducing every corporate tax imaginable. Some of this is nice -- I wish we could just give away hundreds of billions. And what is his only suggestion for paying for these massive new tax cuts? He calls for a line-item veto -- which we support -- and what he calls "strong budget caps." We really can't afford four more years just like the last 12 years with people like Mr. Kemp promising everything to everyone, saying we can cure all our problems without having the guts to come forward with even one specific tough choice.

IN-DEPTH Q&A ON CLINTON-GORE ECONOMIC PACKAGE

1. Broder column and the deficit:

Q: Broder implied that the President knew about the deficit increase during the campaign and that thus he was not being straight in saying that it was the deficit that forced him to go beyond the campaign and raise energy taxes. What is your response?

A: The clear and undisputable facts show that he is wrong. It is the case that the deficit did deteriorate during the Presidential campaign. Everyone knew that. But it did not deteriorate enough to require us to have raised energy taxes to get our current deficit target for 1997.

But the undisputable fact is that after the election was over the deficit got far worse by any standard. The adjusted OMB shows that the deficit got worse by $70-100 billion after the campaign. The CBO showed that it go worse by well over $33 billion. When adjustments were made to our internal numbers, the deficit was $50 billion higher. So by any standard, it is a clear, objective and undisputable fact that the deficit got $33-$100 billion worse after the campaign. No one -- no one -- had the capacity to know what the January 1993 CBO and OMB numbers would be before they came out. Therefore, no matter whose numbers you believe, the facts are clear: the deficit is much higher than anyone could have known last summer.

2. Business Week Deficit "Prediction:"

Q: But last July, Clinton told Business Week the deficits would approach $400 billion.

Let me repeat, no human being could predict what the OMB or CBO would do with their January 1993 numbers until they came out.

The unexpected increase in the deficit was the rise in FY1997 to $346 billion -- more than $100 billion greater than when we first did our plan. When Clinton spoke to Business Week he was not even talking about the deficit baseline in 1996 or 1997. What he was referring to in that July 6, 1992 interview was that some were predicting that the 1992 budget might rise to near $400 billion because of RTC costs and other factors. When Congress did not deal with the RTC and technical changes were made, the deficit for 1992 ended up being $290 billion. As it turned out, the 1992 number was far lower than anyone expected, but the 1997 number that we have to live with was more than $100 billion worse than Clinton -- or anyone -- could have known in July 1992.

3. Bush Campaign Tax Commercial:

Q: When Bush did a commercial saying that people making $36,000 would pay higher taxes, the President said it was despicable. Yet, now it seems that Clinton intends to raise taxes on such families. Hasn't Clinton's critique of Bush's commercial proven to be unfair?

A: Absolutely not. Clinton stated that his income tax proposal would apply only to the top 1-2%. What he proposed in his budget was only on the top 1.2% of families making over $180,000. Almost 99% of Americans are untouched by increases in the income tax -- just as Clinton promised.

Even when the deficit increased after the campaign by an additional $50 billion, Clinton ensured that average families were touched as little as possible by overall tax package-- no more than $17 a month for an average family -- while millions of families will pay far less when you count their reduced mortgage costs.

4. Family Economic Income:

Q: David Broder says that the Clinton counts income in his figures of $30,000 and $100,000 is inflated and counts income that people normally do not count as income and that this is more smoke and mirrors. What is your response?

A: Those were the same Treasury calculations used in the Treasury for years -- by Republican Administrations. Only now is it challenged. If you look at the Reagan Administration's 1985 "Tax Proposals to the Congress for Fairness, Growth and Simplicity" or their 1984 report "Tax Reform for Fairness, Simplicity, and Economic Growth" -- they both use the same concept of "family income" and have an appendix that explained it in detail. Whatever differences there are between family income and adjusted gross income, that difference is minimal for the average middle class family.

In any case, objective studies by the nation's top tax and accounting companies completely confirm our estimates.

Arthur Anderson showed that a family of three making $25,000, would actually receive a $700 tax cut because the amount we increased the Earned Income Tax Credit is so much larger than the energy tax.

Coopers & Lybrand found that for a family of four making $55,000 adjusted gross income their tax rate would go up less than $11 a month.

[It should also be noted that, by any standard, objective study after objective study has shown that the average family pays only around $15 more a month in higher energy taxes, while a USA Today article this week showed that many middle class families will save over $1000 in mortgage costs from the reduced interest rates that have been brought about already from the seriousness of the Clinton plan. In addition, the worst distribution table shows that the top 10% pay 70% of all of revenues in the Clinton plan.]

5. Clinton Baseline and CBO Baseline:

Q: Isn't Clinton's baseline purposefully made more negative so that it looks like you are doing more on the deficit. After all, the CBO deficit is only $319, while his is $346?

A: The Administration had some slightly more conservative revenue calculations, but let's be clear: the plan achieves specific gross cuts of $195 billion in 1997. When you subtract $55 billion for new investments that comes to $140 billion in net deficit reduction.

We have been more conservative in all our numbers so that the American people know we are shooting straight with them. Remember, the Council of Economic Advisors came up with the same growth numbers as the Blue Chip. We could have used those numbers and no one could have assailed them. Yet, since the CBO numbers were more conservative, they used them so that there could be no chance that anyone could see them as getting out of the nation's problems with rosy scenarios.

6. Spending cuts:

Q: How do you reply to the claims by Pete Domenici that the Clinton is not really doing much on spending cuts?

A: If you look at his gross cuts, he is cutting $247 billion in spending and has $493 overall in gross deficit reduction. Even when you subtract all of the tax incentives and new investments, you still find $325 billion in net deficit reduction over four years and $473 in net deficit reduction over five years. Even with all of the new investments, this is still close to being the largest net deficit reduction package of all time.

In fact, if the Clinton plan is adopted, we will spend less -- as a proportion of our national income -- than either Bush or Reagan. [Government spending under the Clinton plan would average 22.7 percent. Under the Republicans, it averaged 23.3 percent.]

7. Tax and Spending Ratios:

Q: But doesn't he rely far more heavily on tax revenues and really far too little on spending cuts? Some -- like Rep. Kasich -- say the ratio is $3.60 cents to every $1 in spending cuts.

A: The long-term package over five years has $375 billion in gross spending cuts and $222 billion in cuts even if you subtract all of the new investments.

In gross terms, the overall plan relies more on spending cuts and has more spending cuts than revenue raisers by the second full year. Yet, even if you look at the net numbers -- even if you subtract all of the tax incentives and new investments -- there are more spending cuts than taxes by the fourth year out, <u>and most importantly, that pattern continues to grow with each year</u>. In other words, the percentage of spending cuts continues to exceed the revenue raisers by more and more each year starting in the fourth year.

So the plan will set the nation on a new path. We are turning around the pattern of high deficits and low investment and replacing it with lower deficit, higher investments and do so while setting a long-term pattern that relies more and more on spending cuts with each year.

[Note: In real terms, Treasury has calculated that the 1982 Reagan tax increase was larger and less fair than our tax package]

<u>**Specific Spending Cut Issues:**</u>

Q: Your numbers seem good from a distance, but what we are hearing is that you are inflating your spending cuts by counting things that are not really spending cuts. I would like to mention the charges one by one and have you respond as to why it is a spending cuts.

8: Interest Cuts?

Q: Both of the critique on the Clinton budget put out by Republicans on the House and Senate Budget Committees say that the Administration is wrong to count interest rate cuts as a spending cut. What is your response?

A: We knew that Washington was out of touch, but we never thought we would live to see the day when if we cut the tragic amount of interest we pay on the debt, we would be told that this is not cutting spending! Do the Republicans think that cutting interest payments on the debt is raising taxes?

We spend nearly $200 billion a year in interest payments on a national debt that has exploded over the last 12 years. We spend this money -- much of it to foreign bond holders -- instead of investing in America. Since, many of the people in Washington have never cut the interest payments we pay on the debt, I can understand that they do not know what to call it. But I think most people know that when they pay down their credit cards so they pay less interest, they are cutting their spending. When we finally have the courage to cut the deficit so that we are cutting the spending we pay on interests, we are cutting spending. Republicans can call this a Kangaroo or an orange or whatever they want, but common sense tell you that you are cutting spending not raising taxes.

9. Social Security?

Q: Many people have criticized the Administration for counting their Social Security provision as a spending cut when they are raising funds by including more Social Security benefits as taxable income?

A: Just Tuesday, at a Dole, Domenici, Packwood Press conference -- Senate Finance member Packwood stated clearly that this type of reduction in Social Security has been counted as a spending cut by both the Bush and Reagan Administration. [Reuters Transcript Report, 2/23/93] Former CBO director Rudy Penner has published an article stating that this reduction should be seen as a spending cut.

And as Herb Stein said in the Wall Street Journal, (1/24/93) there is no reason to call this a new revenue as opposed to a spending cut. The effect is exactly the same. However it is classified, we are spending less on entitlements by the same amount

The main thing is that it is too bad that people who don't have the courage to change are getting lost in form over substance. For years and years, we have heard that we have to cut what we spend on entitlements, and that we must have the courage to take on Social Security. If the Clinton plan had cut COLAs, it would have been regressive, but everyone would have called that a "spending cut." Yet, the Administration figured out a way to cut spending on Social Security entitlements by affecting only the top 19% of beneficiaries. That is an important, smart and fair way to reduce entitlements -- whatever you call it.

10. User Fees?

Q: Some are also saying that they are counting fees as cuts when they are really higher taxes:

> A: It has always been the standard rule that if a business or a person uses a government service -- paid for by the taxpayer -- and that business or person pays for a specific service and is charged for it in a business-like way, then it is counted as a reduction of the costs of the program. Why should a taxi cab driver have his tax dollars used to subsidize a wealthy person's use of a private jet? Making that private jet owner pay for his use of a taxpayer financed airport so that we can spend less on our airports is lowering the spending costs average taxpayers have to pay.

11. Earned Income Tax Credit:

Q: The House Budget Republicans say that it is wrong for the Administration to count all of the earned income tax credit as a tax cut, and that they should count part of it as a spending increase?

> A: That is a trickle-down definition if I've ever heard one. If a tax cut is given for a rich person it is called a supply-side miracle. When we give a tax cut for working people, they call it a spending increase. The fact is that President Bush and everyone else scored the earned income tax credit as a tax cut in the 1990 Budget Agreement. It is just one more attempt to distract attention from the fact that Bill Clinton has presented a real deficit package, and the Republicans have no reply.

12. Spending Cuts and Budget Agreement:

Q: What is your response to Domenici and others who say that many of the Administration's spending cuts were already in the 1990 budget agreement?

> Answer: No. Every single one of the 150 programs we cut is a new cut -- beyond what was implemented in the Bush Administration -- creating new savings. The 1990 Budget agreement had caps -- it didn't say what the cuts were, or who would have the courage to identify and call for them. By filling in the black box with real and specific reductions, the Clinton plan converts smoke and mirrors into concrete spending cuts.

13. Gross and Net Deficits:

Q: But didn't the OMB Director purposely mislead us by giving the impression that you were cutting $493 billion in net deficit reduction over four years?

> A: No. There may have been some confusion over what was gross deficit cuts and what was a net deficit cut. The Administration has always made it clear that of the $493 billion in gross deficit reduction, 2 of every 3 dollars goes for deficit reduction and $1 goes for new investment. In his briefing on February 17th, Leon Panetta referring to the $493 billion said, "Two-thirds of that amount goes for deficit reduction, one-third of that amount goes for investments."

14. Social Security Thresholds:

Q: The President claimed that while he was going to ask for more from well-off Social Security recipients, that no one who did not pay tax on their Social Security now would not pay tax under his proposal. Yet, some claim this is not true. They say that the provision will reach below $32,000 and tax new people who never before paid tax on their Social Security benefits.

> A: That is not true. We ask more from the top 19% of the Social Security recipients and that is all. The same 80% of Social Security recipients who don't pay a dime on their Social Security benefits will still not pay a dime.
>
> [The formula to increase the amount of benefits subject to taxation, is phased in so that only those over the current threshold -- $25,000 for a single and $32,000 for couple --are affected. The claim that we are reaching deeper is not the case: the thresholds are intact under our plan. (If there are disputes on the revenue we raise, that is a technical issue)]

15. The Need for a Stimulus?

Q: Now that we see how great the growth was for the 4th Quarter of 1992, do we still need a stimulus package?

> A: In light of the strong upsurge in consumer confidence that occurred in the last few months of 1992 because of optimism over President Clinton's election, we are gratified by the encouraging news. Yet, as we have said before, the President's criteria is jobs, and we still have a jobless recovery, with historically low job creation rates. If this were even an average recovery, we would have 3 million more jobs in the economy today. In fact, the unemployment rate is higher today than it was at the very bottom of the recession. So we are not satisfied, and we will not be satisfied until we get a job creating recovery.

16. Gramm-Armey?

Q: What about the Gramm-Armey plan? They call for a Balanced Budget Implementation Act that would put a cap on entitlements, used fixed deficit targets and sequestration to balance the budget by the year 2000. What is wrong with that, especially if they are only capping non-Social Security entitlements at inflation as they claim?

A: Their plan is just another gimmick designed to allow some members of Congress to hide behind a scheme that allows them to sound tough on the deficit, without having to summon the courage to specifically say what they would cut.

Gramm-Armey does not call for a single new dollar in training for laid-off defense workers, for anti-crime initiatives, for fixing the environment, for the best children's programs like Head Start and WIC or for welfare reform.

But far beyond that, their nice sounding plan could only be implemented with devastating cuts that could set our nation back decades. To reach their goal through across the board spending cuts, they would have to cut everything by 33%. That means brutalizing Medicare and Medicaid. That means, according to one Congressional study, that we would need a 33% cut in our veteran programs, a 33% cut in federal judges, a 33% cut in the FBI -- 3,000 less agents, a 33% cut in federal drug enforcement officials, and a 33% cut in programs like Head Start, child immunizations.

We have given every cut -- no matter how painful -- line by line, dollar by dollar, year by year. Others who don't have the cuts to follow course, throw out gimmicks that sound nice, but when you look behind them you find that they could only take place if we called for painful, dangerous cuts that these same people don't have the courage to be specific about.

17. Kemp-Weber?

Q: How about the Kemp-Weber proposal -- "Empower America?"

A: It is the same old thing: nice words, no courage, major deficit increases and a wish list with no specifics.

— Mr. Kemp calls for hundreds of billions in all sorts of tax cuts to everyone imaginable. He would spend hundreds of billions reducing the payroll tax cut, increasing the personal exemption, while reducing every corporate tax imaginable. Some of this is nice -- I wish we could just give away hundreds of billions. And what is his only suggestion for paying for these massive new tax cuts? He calls for a line-item veto -- which we support -- and what he calls "strong budget caps." We really can't afford four more years just like the last 12 years with people like Mr. Kemp promising everything to everyone, saying we can cure all our problems without having the guts to come forward with even one specific tough choice. We gave America a real budget, with over a 150 specific cuts in program for each of the next five years so that we could both bring the down the deficit while we increased investments in our people. That is tough to do, but that is the type of change the American people want.

18. Marriage Penalty?

Q: Isn't there a marriage penalty in this package?

A: No. This plan doesn't even touch the incomes taxes of any other than the top 1.2% of all taxpayers. Some have complained that the surtax on those making over $250,000 is a marriage penalty for those in that bracket because it didn't distinguish between singles and married couples who are extremely well-off. That just goes to technical aspects of that provision and is a red-herring at best.

Qs and As on technology policy paper

Does your new technology policy mean that you intend to start "picking winners and losers"?

* No. First of all, many of our technology initiatives will be based on cost-shared partnerships with industry.

* That means industry, not government, will be picking the technologies that they feel have the greatest market potential. By requiring industry to pay at least half of the cost of the project, we can ensure that these investments are market-oriented.

* Also, there is a high degree of consensus in the private sector and government -- here and abroad -- as to which technologies are important for economic success. All of the lists of "critical technologies" generally include advanced manufacturing, electronics and information technology, biotechnology, energy and environmental technologies, advanced materials, and transportation systems.

What's in the technology policy that was not in the budget?

* A framework for linking our investments to our national goals in job creation, a cleaner environment, a more responsive and cost-effective government, and leadership in basic research.

* Action on non-budgetary policies, such as better management of our technology investments, coordination of efforts to develop a National Information Infrastructure, ensuring that the government is a "smart customer" of leading-edge technologies, and the announcement of an initiative to help the private sector develop a "clean car."

How much are you spending on these initiatives?

* We'll be able give you more exact figures when our budget is released in March, but from 1993 to 1997, including the R&E credit, we are spending well over $16 billion.

Aren't you concerned that all of these technology programs will become a huge pork barrel?

* I am confident that I can work with the Congress to prevent this from happening. I will make it clear that an effective technology policy requires merit-based competition.

* If you look at my budget, I have eliminated funding for "earmarked" programs throughout the government. If necessary, I am prepared to use "enhanced recission" authority to weed out earmarks.

THE WHITE HOUSE
OFFICE OF THE PRESS SECRETARY

FOR IMMEDIATE RELEASE MONDAY, FEBRUARY 22, 1993

PRESIDENT OUTLINES COMPREHENSIVE NEW TECHNOLOGY INITIATIVE:
Technology to Create Jobs, Protect the Environment, Improve Government
Bold Changes Proposed to Redirect, Focus U.S. Efforts

SAN JOSE, CA -- Offering bold and dramatic changes to harness technology to drive economic growth and job creation, President Bill Clinton and Vice President Al Gore today (2/22) unveiled a comprehensive new technology initiative to move America forward to a stronger economy, a cleaner environment, more competitive businesses, more effective government, better educational programs and technological leadership in critical fields.

"In order to revitalize our economy, it is time for a dramatically new approach that recognizes the strength and potential of America's scientific and technological resources to change and improve the quality of our lives," President Clinton said.

The new initiative: Technology for America's Economic Growth, A New Direction to Build Economic Strength offers a comprehensive blueprint to focus American technology around three central goals:

-- Long-term economic growth that creates jobs and protects the environment;
-- Making government more efficient and more responsive;
-- World leadership in basic science, mathematics, and engineering.

"We face new challenges, from our competitors around the world and from the people we serve here at home, that demand new solutions and creative thinking. Technology offers new opportunities for jobs, for a cleaner environment, for better schools, for high-quality health care and for scores of other advances. We must move to seize these opportunities," said Vice President Gore, who the President has asked to play a leadership role in implementing these new initiatives.

President Clinton and Vice President Gore returned to California's Silicon Valley to unveil the initiative, where the President last year detailed his commitment to a new direction in U.S. technology policy, a commitment which was endorsed by leaders throughout the technology community.

Technology for America's Economic Growth recognizes that new investments in technology will help the private sector create high-wage, high-skill jobs. It offers ground-breaking proposals to:

-- Develop a national network of manufacturing extension centers to help small and medium-sized businesses gain access to technology;
-- Invest in applied R & D in fields such as advanced manufacturing, aerospace, biotechnology, and advanced materials;
-- Increase partnerships between industry and the national laboratories;
-- Develop a partnership with the American auto industry to enable the development of a "clean car," creating jobs and protecting the environment; and
-- Expand the Commerce Department's Advanced Technology Program to provide matching grants for industry-led R & D consortia.

A major priority of the package will be developing a National Information Infrastructure and the "information superhighways" created by legislation introduced and steered to passage by Vice President Gore when he served in the Senate. Technology for America's Economic Growth includes:

-- Support for the High-Performance Computing and Communications Initiative that is developing new technologies for our most powerful computers, supercomputers that are able to rapidly process enormous quantities of information and for a national, high-speed network ("information superhighways") to make this high-performance computing more accessible.
-- Developing new applications for high-performance computing and networking in health care, lifelong learning, and manufacturing.
-- Creating pilot projects to demonstrate these technologies in schools and other nonprofit entities.
-- A task force of the National Economic Council which will work with the Congress and the private sector to develop policies needed to accelerate the deployment of a National Information Infrastructure.

America's technology policy also will be used to help meet other important national goals:

-- The federal government will use technology to cut its costs, improve energy efficiency, and improve the quality and timeliness of service.
-- The government will work with industry to develop technologies (software, computer and communications equipment) that increase the productivity of learning in our schools, our homes, and our work places.

The plan will improve the environment for private sector investment and innovation in a variety of ways:

-- Making the Research and Experimentation tax credit permanent.
-- Reducing capital gains for long-term investments in small businesses.
-- Reforming our antitrust laws to permit joint production ventures.

Technology for America's Economic Growth recognizes as well that our policy goals require a continued commitment to U.S. leadership in basic research. The initiative includes substantial increases in funding for the National Science Foundation.

And, Technology for America's Economic Growth improves the management of U.S. technology policy with:

-- High-level leadership and coordination by the Vice President, the Office of Science and Technology Policy, and the National Economic Council.
-- Developing a true partnership between the federal government and industry, labor, academia, and the states.
-- Regular evaluation of programs to determine whether they should remain part of the national investment in technology.

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