

The Economic Club of New York

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The Honorable Daniel Quayle  
44<sup>th</sup> Vice President  
of the United States of America

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Questioners: Harold Burson, Chairman  
Burson-Marsteller

Richard Ravitch, President  
Player Relations Committee - Major League Baseball

## Introduction

Chairman Richard A. Voell

On behalf of the Economic Club of New York, it is my great pleasure to welcome this evening's speaker, Vice President Dan Quayle. In recent decades the vice presidency has become one of the most challenging positions in American public life and in many ways poses a severe test of one's personal character and fortitude as our political system provides.

Since assuming the office of the vice presidency three years ago, Dan Quayle has demonstrated both grit and fortitude, truly showing grace under pressure. In addition, he has demonstrated a special commitment to dealing with a wide range of complex issues – issues that are shaping America's future. Beyond working closely with President Bush, the vice president has taken on critical leadership responsibilities including that of heading the President's Council on Competitiveness. In the new post-Cold War era, competitiveness is a defining issue shaping America's relations with the rest of the world. Our ability to prosper at home and abroad will depend on developing our productive resources to our best advantage.

And in that respect, the vice president has led a quiet but very effective attack against a serious drag on our competitive energies, a phenomenon that he has identified as regulatory creep.

Regulatory creep, for those of you who may not be familiar with the term, aptly describes the process wherein a maze of administrative rules is attached to legislation voted by Congress. This

process known as shackles entrepreneurial initiative, it often subverts the very intentions Congress had in passing the legislation in the first place. Of course, of special interest to the business community, the Council has drawn critical attention to a host of anti-productivity rulings and regulations issued by the Washington bureaucratic establishment including but certainly not limited to the Environmental Protection Agency, the Federal Aviation Administration, and the Food and Drug Administration.

Most publicly, the vice president has focused attention on what he has described as the self-inflicted competitive disadvantages of our civil justice system. He has opened an important debate by calling for major changes including limiting punitive damages and streamlining the discovery process. Mr. Vice President, we're very grateful to you for your leadership in these and other areas and bid you a most warm welcome. Ladies and gentlemen, it's my great privilege to present the Vice President of the United States, Dan Quayle. (Applause)

The Honorable Dan Quayle

Vice President of the United States

Well, thank you very much, Dick Voell. Thank you. With that warm reception, I know that I am not speaking to the House of Delegates of the American Bar Association. (Laughter) But Dick, you talked about the office of vice president. I'm reminded of a story of a father who had two sons. One joined the Navy and went to sea, the other became Vice President. Neither one was

ever heard from again. (Laughter)

We have a little campaign going on this year. I don't need to tell you that there's a battle going on this year. You people in New York, you know that. You know the stakes are high. And when it's all over, only one will prevail. I just don't know whether it's going to be Fay Vincent or George Steinbrenner. (Laughter) But I can't help noticing that there's been controversy surrounding one Democrat involving the draft. (Laughter and Applause) Naturally, I have something to say about that. I still think Mario will accept one. (Laughter)

In the last ten days, I've been in Delaware, Maryland, Georgia twice, North and South Dakota, Colorado, and Minnesota. And there's only one issue on the minds of the people – the economy and jobs. Job security is especially an issue for some sectors of the economy that have been insulated in the past, like insurance, financial institutions, and the media.

The starting point for any discussion these days has to reference the Cold War. Today, in place of one great threat, there are many smaller, less recognizable threats. And today more than ever before, other nations are looking to America for leadership. Who will take up this responsibility if we, the United States of America refuse it? Germany? Japan? China? Who?

No, America is engaged in the world's economy and there is no going back. Nor should anyone want to go back. One of the immediate imperatives in global economics and politics is the

successful conclusion of the GATT negotiations. I can't think of anything worse than replacing the Cold War with a trade war. Yet I confess the political dynamics around the world are threatening the conclusion of this agreement.

As we seek economic expansion at home, one of the keys will be exports abroad. No longer will competition be limited between New York and Los Angeles. It will be global competition, lots of it. And we should welcome competition, and let me add, we do not promise to protect our economy. We believe in stimulating our economy.

Protectionism is the cry of the weak and the insecure. America did not make its way this far in the world by cowering behind barriers. Our credo is not take cover, but let competition come. Where others will compete freely and fairly, I say so will we. What a tragedy it would be, ladies and gentlemen, if America were to lead in the triumph of free market capitalism only, only to lose faith in ourselves. Historians looking back on our time would shake their heads in amazement that such a sad thing could happen at such a happy moment in our national life.

But I wonder if there's not a hint of that loss of faith in what we are hearing from some quarters. The world has spent the last two generations experiencing what works in economics and what doesn't, what elevates man and what oppresses and debases him. It was our fate and good fortune to watch the great collectivist experiment from outside the laboratory. But those millions of souls who had to endure it, they are our witnesses. And what they tell us is simple and

unequivocal. Socialism or any glossed-over variation of it simply won't work. It will diminish, destroy, and devour our resources instead of creating and building. In man's economic life, the state may be an uneasy ally, but I don't think it's ever a friend.

As we seek our economic security in this uncertain world, we must learn what works and what doesn't. Let us look at this great city as a test of what becomes of those who put their faith in the benevolence of the state. In what should be a liberal paradise, what do we find instead? Honest, ambitious, hardworking New Yorkers struggling to pay the highest local taxes in America, about \$1,600 per person, a business tax three times greater than that paid by businesses in Chicago and Los Angeles, one in every eight people on the dole. Taxpayers investing \$7,000 a year for each public school student compared to \$3,000 per student in private schools. The taxpayers' investment in education gets a high school graduation rate of 38%. That means 62% don't finish on time. Liberal economics may prevail here but it sure doesn't work here.

It's estimated that by 1994 a total of 320,000 private sector jobs will be lost in New York City. When the taxpayers meekly protest these high taxes, the liberal deep thinkers snap back that we lack compassion for the working man, that the working man is usually the one most hurt by this kind of thinking. Now, I know it's an election year, and I don't pretend to be entirely nonpartisan, but ladies and gentlemen, I'm not appealing to party affiliation. I'm appealing to reason and the tragic experience.

The liberal vision of a happy, productive, and content welfare state hasn't even worked on 22 square miles of the most valuable real estate in the world. You don't build economic strength by taxing economic strength. If you tax wealth, you diminish wealth. If you diminish wealth, you diminish investment. The fewer the investments, the fewer jobs.

And now Congress will have a classic battle over taxes in the next few weeks – a Republican approach and a Democratic approach. The Democratic approach holds out a temporary tax cut right along with a permanent tax increase. For a family of four, this bold plan would offer savings of about a quarter a day per person. Today the Democrats in Congress passed their tax bill – surprise of surprises. It's nothing more than \$100 billion tax increase on the American worker.

In 1990, the president signed the Democratic Congress' tax increase and the country got a recession. This time, the president will veto the Democratic Congress' tax increase and demand that his jobs package be passed. You know, these last few days I've been asked a lot about the message from New Hampshire. The message is simple and direct. The people are fed up with Washington. They're fed up with big government. They're fed up with high taxes. They're fed up with government regulations. And they're fed up with a bad economy. We happen to agree with that message.

Now let's look at the president's plan. No, it would not make our troubles disappear, but it will

steer us along the right road. Put simply, the plan will establish immediately a \$5,000 tax credit for the first-time home buyers – our real estate incentives alone will generate as many as 415,000 new jobs in six months – give priority to all pro-growth and government projects especially those in construction, place a moratorium on all new federal regulations that might hinder economic growth, and finally something that matters to every American who owns a home, a farm, a business, or has a small investment, or needs a job – a capital gains tax cut. (Applause)

Let me pause here with a personal thought about Congress and how it operates. And in the category of baring one's economic soul to this audience, let me say that the most frustrating public policy problem that I've faced in 15 years in office is the federal budget deficit. When I graduated from college in 1969, the federal budget was \$184 billion and we had a surplus. This year's budget will be almost \$1.5 trillion and the deficit is projected to be close to \$400 billion. Whether there was a Republican president or a Democratic president, the Congress has been unwilling to get serious about spending restraint. In fact, more and more our whole congressional system favors excessive spending.

The appropriation bills that are annually heaved upon the president's desk contain more than 1,600 pages. Now Congress is very good at giving the president 75 - 80% of what he wants and then adding 20 - 25% of what he doesn't want. And it's this part of the budget that causes so many of our fiscal problems. A philosopher wrote many centuries ago, our peril comes from those who seek to please us rather than to serve us. He could have been speaking of our modern



Congress. We have members of Congress who have been there 30, 40, even 50 years. The problem is that our Congress has become insulated, out of touch with reality, but very, very proficient in getting reelected because of all the goodies they dispense.

According to Common Cause, which I don't always agree with, only 6% of the House members will face financially competitive races and about 98% seeking reelection will be reelected. Reelected primarily because there is no genuine competition. To get spending under control we need serious reform in Congress and I'm not just talking about the line item veto. That would help. Congress thinks it's good for the nation to limit the president to two terms. The argument for this, of course, is that too much power for too long has a way of making people arrogant and even corrupt. Well, it sure does. And if it's good for the nation to limit our president to two terms, then I say that it's good for the nation to limit the terms of Congress as well. (Applause)

Now speaking of reforms and competitiveness, I'm compelled, Dick, to mention our civil justice reform package. My Competitiveness Council has identified legal reform as a very serious competitiveness issue. Today, an American business spends 15 to 20 times more on product liability insurance costs than does a business in Germany or Japan. This, my friends, is a competitive disadvantage and we're trying to correct this unfair situation.

As you may know, I did go before the American Bar Association a few months ago. And in my quiet, humble way, tried to suggest that a reform or two might be in order. Well, I've never

witnessed such a spontaneous outpouring of warmth and affection. (Laughter) Ladies and gentlemen, I mean, my friends, the lawyers, I mean no harm to my friends, the lawyers. Their calling could be one of the most valuable and noble in a free society. But think about this, America has 5% of the world's population; do we really need 70% of the world's lawyers? (Laughter and Applause)

There were 18 million civil lawsuits filed in 1989. Were all those really necessary? Now let me just tell you about one of them. This is a particularly interesting case that I have a vested interest in. It deals with a trial attorney in San Diego who is suing Milli Vanilli for \$20 million for lip-synching. And the plaintiffs in this case are the teenagers of America. They have been damaged by the lip-synching of Milli Vanilli. I think they've been damaged about \$12.75 each. I have three teenagers, and I asked them one night how they felt about the lip-synching of Milli Vanilli. I asked them if they felt that they'd been damaged. And my oldest son found out there was a lawsuit and he says, where do I sign up? (Laughter) The kid's learning too much too quickly. But they've been damaged and it's been very difficult around the Quayle household. They've been damaged because of the lip-synching of Milli Vanilli. And here all these years, Marilyn and I thought that we had been damaged by the lip-synching of Milli Vanilli. (Laughter and Applause)

Well, more to the point, I hope you know – or maybe do you know – how great a burden all this litigation is on our society – altogether about \$300 billion. Unfortunately, we're the most litigious society in the world and we do need a legal system more efficient, less costly, and more

fair. It's estimated that a larger percentage of the cost of making a car goes into the company's legal bills than into buying metal. In hope of improving this situation, the president and I have proposed a civil justice reform plan. It would limit punitive damages, speed up the delivery of justice, and discourage frivolous lawsuits. These are practical common sense reforms and would in no way compromise our sense of justice. Whether they meet the standards of lawyers, 62 of whom now sit in the Senate, is unfortunately another matter.

One of your past speakers, Winston Churchill, reminded us that we make a living by what we get, but we make a life by what we give. Hard times shake our confidence, cloud our vision, divide us just when unity is most needed. But amid all the bickering and political posturing in Washington, I do believe there remains a simple, unselfish ideal worth fighting for. The credo expressed long ago by Thomas Wolfe, to every man regardless of his birth is golden opportunity. To every man the right to live, to work, to be himself, and to become whatever thing his manhood and his vision can combine to make. This seeker, is the promise of America. Thank you. Goodnight. (Applause)

#### QUESTION AND ANSWER PERIOD

CHAIRMAN RICHARD A. VOELL: Thank you Mr. Vice President. The applause speaks for itself. We'll now go to the traditional question and answer period. Our questioners this evening are Mr. Harold Burson, Chairman of Burson-Marsteller, seated to my far left, and Mr. Richard

Ravitch, President, Player Relations Committee of Major League Baseball, seated to my far right. And Mr. Burson will ask the first question.

HAROLD BURSON: Mr. Vice President, the media say that you are the closest to being a true Conservative in the president's inner circle and indeed his link to the Conservative movement. As a Conservative Republican, what is your view of Pat Buchanan's candidacy? And would it have been any different if you were still the Junior Senator from Indiana?

THE HONORABLE DAN QUAYLE: Absolutely not. I don't have a lot to say about his candidacy. He didn't ask me. Had he asked me, I would have told him he shouldn't run. He is running. We're running a campaign. As a matter of fact, I get to go to Georgia tomorrow for my third time in a week – Georgia on my mind. And in Georgia, we will talk about the true Conservative and the true Conservative is President George Bush. And I'll be asking the Republicans in Georgia to support the president. Georgia's become a key state and the fact that Pat Buchanan would actually, Pat Buchanan's people have said that this is, they haven't used the word a "must-win" but they've put it as a very high priority. And he's got to win a state at some time, otherwise fairly soon it's going to be mathematically impossible for him to get the nomination. I think we'll do quite well in Georgia and just watch the returns next Tuesday. And I think the Republicans of Georgia which is a conservative lot will vote for the true Conservative in the race and that happens to be George Bush. (Applause)

RICHARD RAVITCH: Mr. Vice President, you have been an articulate opponent to the proposition of racial quotas. Had you been President of the United States when the Congress had passed the Civil Rights Bill of 1990, would you have signed that bill into law?

THE HONORABLE DAN QUAYLE: As it was presented I would have because it was not a quota bill, it was a civil rights bill. The president did the right thing in signing a civil rights bill. This had become quite an issue in the South as you can imagine, and I have told my Southern Republican friends that are interested in this very question, was it a quota bill or a civil rights bill, and my response is very direct, perhaps somewhat political, but encompassing. And I just ask them point blank, do you think that Strom Thurmond would have voted for a quota bill? And Strom Thurmond wouldn't. President Bush wouldn't sign a quota bill. And I think it was a civil rights bill and I would have done the same thing that the president did.

HAROLD BURSON: The president's recent trip to Japan generated a great deal of controversy and much debate over the United States industries' ability to compete with Japan. What is your view of the recent Japan bashing and the counteracting US bashing?

THE HONORABLE DAN QUAYLE: Well, first, the trip to Japan was reported as a failure. That's sort of the spin that the press gave to it. It was not a failure. As a matter of fact, if you could take out some of the discussion about the chief executive officers from the auto industry, it was a very successful trip. There were a number of agreements reached, one in particular dealing

with computers. For the very first time, the Japanese government is opening its procurement system, government procurement system, to the purchase of American computers. It's never been done before. I was in Minneapolis several days ago and visited Cray Research which makes computers. And because of that agreement, they now have a new market. Not here in the United States, not in Europe, but in Japan, because of that agreement. I am very; I'm very concerned on a number of fronts with this anti-Japan bashing. A violent killing took place yesterday I believe in Los Angeles, a despicable, cowardly act. Japan is an important ally in the Pacific. Japan is a competitor. Do we want Japan to change some of her trade practices? You bet we do. Do we think that Japan should open up its markets? You bet we do. But Japan is the second strongest economy in the world. Japan today is an economic superpower. Japan and the United States can share in some of the global responsibilities that quite frankly Japan has been bashful about assuming. One of the areas deals with foreign assistance, foreign aid. And I'm not talking about just giving foreign aid to a country and saying here's the aid and here are the design specs, and you have to buy Japanese products. I'm talking about foreign aid going to various countries untied. Japan is the linchpin to stability in the Pacific. The way to deal with Japan is not to bash Japan, but to be firm, direct, and to point out the problems that we have. And there are problems. But this idea that it's Japan's fault or that it makes us feel good when you take it out on Japan may play well out there on the campaign trail, may be able to get an audience to stand to its feet and cheer. I come from a state that is heavily impacted by Japanese imports and I know the sensitivities. And it's always very tempting to go out and to get the emotions high, but it's bad public policy. It's bad for the United States of America and it's bad for the world. (Applause)

RICHARD RAVITCH: Mr. Vice President, the president recently accorded China most favored nation status. Could you share with us what benefit you think the people of the United States got out of that decision?

THE HONORABLE DAN QUAYLE: China is the largest country in the world, over a billion people. The most favored nation status is granted to most nations around the world. If we didn't grant it to China, it would be a very extreme exception. By granting most favored nation status, I don't believe that we are condoning in any way the lack of appreciation of human rights in that country nor are we saying that they can't do a better job in a very sensitive area, and that is the transfer of missile technology. The proliferation of missile technology, especially ballistic missile technology, is one of the real challenges we have in this next decade. The basic question is this, my friends; do you want leverage with China? Do you want to have influence on what China does? Do you want to be able to work with a billion people and the leadership or you just want to ignore it? Or do you want to play politics like they're trying to do in Congress right now? One of the problems that I talked about was this proliferation issue. Just recently, China has agreed to sign up to the missile control technology regime which means that there will be certain guidelines that they will abide by on the transfer of technology, and especially transfer of technology to Third World countries and more particular transfer of technology to countries in the volatile Middle East. I'm not saying that they have a good record in this area. And I'm not defending what they have done, but we have to work with them. They do have this technology. And if we want to have any leverage in the cooperative arena, you've got to talk to them and

you've got to deal with them. But that doesn't mean that you support what they've done in the area of human rights and some other sensitive areas. But I don't think that we have any choice but to recognize the importance of China. If we had not had a relationship with China when the Persian Gulf conflict arose, I'm not certain that China might not have exercised its veto on some of the very sensitive resolutions that came before the United Nations. And if that had happened and we had not had a relationship with China, there would have been serious problems in forming that coalition. So put me down in the category of wanting leverage with China. Put me down in the category of dealing with China. But do not put me down in the category of supporting many of the policies and problems that China herself has and is going to have to correct. (Applause)

HAROLD BURSON: Mr. Vice President, you mentioned earlier the capital gains part of the president's economic package, but there's been no mention of the alternative minimum tax which for many people would negate the benefits of that capital gain. Would you comment on that please?

THE HONORABLE DAN QUAYLE: I was hoping you didn't know about that. But since you brought it up, I will be glad to respond to it. This alternative minimum tax, which I think is in the details of the budget, the tax package that was sent to Capitol Hill was around, I think, 24% for certain areas. We are now working with the Republicans and the Democrats, but particularly our Republicans to correct the situation. We have removed it from a number of areas, the alternative



minimum tax. There are still some areas, and I know some in this room know exactly what area I'm talking about, that are still being negotiated. The president said in the State of the Union that it was going down to 15.2%, 15.4%. And then all of a sudden the next day in the details, where the devil is, you find this 24% alternative minimum tax. Since that time, we have been working with it and I'm convinced that we will be able to work this situation out to the satisfaction of those like myself and the president and others that believe that the capital gains tax should be across the board and should be at the rate that the president mentioned in his State of the Union. And I'm convinced that we'll be able to take care of that.

RICHARD RAVITCH: Mr. Vice President, I'd like to ask a few questions about the budget deficit that you referred to before. If I am correct, that deficit of close to \$400 billion was proposed by the administration to the Congress. It's not the result yet of congressional action. Do you think that the younger generation America is unaware of the fact that our generation is paying for current expenditures of government out of borrowed funds? What in the political system is going to respond to a concern that the younger generation has that an ever-increasing percentage of their taxes is going to pay governmental expenditures from which they derive no benefit whatsoever? And if I may just add a couple of other parts to the question, I don't think anybody in this room would argue with you about the tax burdens of being a New York City resident and maybe we have made a lot of unwise decisions in New York about how to balance our tax base against our desire to do good. But at least in the city of New York we pay for our expenditures out of taxes and we are not saddling the next generation with the cost of paying

debt service on debt incurred solely as I said for the purpose of avoiding cutting the cost of government in the current generation. There also have been several ideas expressed recently which as part of your answer I would appreciate your commenting on, that perhaps the federal budget ought to be characterized to the American public in three parts. That part of the budget that has to do with the past, that's paying for past obligations, that part of the budget that is paying for current services, current governmental functions, and third, that part of the budget that is an investment in America's future. Some have suggested that perhaps we ought to have a capital budget at the federal level. What do you think the future holds on these issues? And how would you respond to the younger generation who doesn't really see this problem as that solely of the Congress anymore than we in New York see that problem solely as we have of running operating deficits here and paying for them by borrowed funds as being solely the fault of a bipartisan legislature. I wonder if you can comment on this. (Laughter)

THE HONORABLE DAN QUAYLE: On what? (Laughter and Applause)

RICHARD RAVITCH: It's really a softball, Mr. Vice President.

THE HONORABLE DAN QUAYLE: Okay, I can take that anywhere I want. Let me try to break it down. As far as changing the way that we do our budget, and I've heard this idea of a capital budget, if that is a way to reduce the deficit, the real deficit, I'd say no, because there is a real deficit that Washington is going to have to address at some time. The \$400 billion figure that

I talked about is approximately what the budget calls for, for the next fiscal year. Obviously, you've got a couple of areas in there that aren't going to be there, you know, for a long period of time – the S&Ls, a large contributor to that, and also the recession, that's over half the deficit. But even if take half a deficit, \$200-\$250 billion, the structural deficit, it is a problem for America. It's a problem for the future. I can't tell you how long we're going to be able to get by, by running federal budget deficits like that, but I can tell you at some time, some day, some year, if we don't address this issue, we are going to pay a very heavy price. And it's not easy when you start talking about the federal budget deficit because there is so much that is already, or there's so little that is what we call discretionary. If you want to look at the so-called built-in expenditures, the interest on the national debt, you've got to pay it. It's not negotiable. The only thing that's negotiable is what the interest rates are going to be. It's about \$200 billion a year. Gotta pay it. You've got entitlements, mandated by law, not negotiable. You've got to pay it – like Social Security, like Medicare, like student loans, like veteran's benefits, like farm subsidies. National defense, national defense is being cut. As a matter of fact, I think that the Congress is probably going to go way beyond where the president has suggested we take national defense and we're going to cut national defense too much. Just under the president's budget on national defense alone, we will have taken national defense expenditures by the year 1995 to a level of 3.7% of our gross domestic product. That level is lower than what this nation spent as a percentage of GNP in the year 1938 and 1939. And I don't think that's too much and could submit to you that it might be too little. And then you get into this discretionary which is about 14% of the budget – money to cities, education, job training. I stopped off at a wonderful place

this afternoon called America Works, a private corporation, that takes AFDC recipients and puts them into a job. And they have a contract with the state where they can do it more efficient. The state saves money. The employer hires these people at a certain rate, lower than what they would normally pay them, for the first four months. The employer for four months saves money, and the worker gets a job. It's working. It's efficient. And we're going to have to figure out how to be more efficient in the utilization of our funds. We are going to have to at some time sit down in a bipartisan way and figure out what we're going to do about this huge area of entitlement. It's over, depending on how you put in entitlements, but in my calculation, it's over 50% of the budget. There's three ways you can reduce the budget deficit. You can raise taxes, although I'd say that it can cause a recession, you're going to contribute to the deficit. You can cut spending. And you can grow. And our priority ought to be on the latter two. But it is a serious problem for America and as I said in my remarks, having been out there in Washington for now, going on 16 years, it has been the most frustrating aspect of my public career. I sat on that Senate Budget Committee for eight years, cast some pretty tough votes, and we're still in a very difficult deficit picture, and it's got to be resolved. (Applause)

HAROLD BURSON: Mr. Vice President, I have another easy one for you. You have been perhaps the most staunch, consistent supporters of the state of Israel in the administration. The Secretary of State with the support of the president is linking settlements to loan guarantees. How do you feel about that?

THE HONORABLE DAN QUAYLE: I hope that we can get this issue worked out. Israel is a strong and dedicated friend and ally of the United States of America. She is certainly our best friend in the Middle East. (Applause) And some would say perhaps she is one of our best friends in the world. We have a difference of opinion on the settlement policy between the United States and Israel. And I'm hopeful that we can work it out and there will not be a confrontation in the Congress on this issue. We don't need it. Israel doesn't need it. Israel right now is engaged in very sensitive negotiations with the Palestinians in the Middle East, serious talks, proposals that they made just yesterday about what the legitimate rights would be of the Palestinians and the West Bank. They're talking. Sometime I hope they'll be able to move those talks out of Washington, DC into the region where they belong. But they're meeting, they haven't walked away. So I hope that we don't get into a big debate on this issue on loan guarantees. It's for humanitarian assistance. We are a compassionate nation. We have always helped Israel and others on a humanitarian basis. And I hope that we can resolve this difference of policy that the United States has with Israel to the mutual satisfaction of both because I can tell you, we don't need it and Israel doesn't need it. And I hope that we can get a meeting of the minds on this rather sensitive issue. I hope we can.

RICHARD RAVITCH: Mr. Vice President, a number of social commentators of all ideological stripes have noted that we have had an interesting new phenomenon in the United States, particularly since the 1960s, the growth of a large number of very, very poor Americans whose poverty is unconnected to employment or the availability of employment – some people call it

the underclass – and that this group is growing in the United States at a significant rate. Do you think that's a problem that the federal government has any responsibility to solve? And if it did have that responsibility, is there anything you would suggest that it might do to address that problem in this country?

THE HONORABLE DAN QUAYLE: Well, the first suggestion would be obviously an expansion of the economy, generation of more jobs and opportunities. That will help all including those that are living in poverty. There are other things that we can do. I mentioned this America Works program which is a magnificent private sector initiative working with the state, working with AFDC recipients, taking workers and giving them a job. Education and training is important. But let me say, when you look at the poverty problem, and it is a huge problem, it's a huge problem, a challenge that we have, if you go back and just look at raw statistics which I think you have to look at from time to time – I don't like to do it all the time because well, you're just talking about statistics, in this case we're talking about human beings – but statistics help paint the picture. In 1983, the poverty rate in this country was about 15.2%. Now it's about 13.8%. Still 13.8%, and it hasn't gone down in the last years. But if you look at the reference point of 1983, it has dropped almost two percentage points. One of the, this is my opinion, one of the major contributing factors I think to the cycle of poverty from generation to generation, people unable to get out of poverty, born poor, live poor, die poor, is the breakdown of the family. And in particular, fathers that abandon their kids. How many single parent families do we know of, primarily the mother that takes care of the child? How many no-parent families do we

know of? And if you want to identify a social problem that we have in America today in our cities in trying to help people get out of that cycle of poverty, it is the breakdown of the family. And I don't think there's any government program that's going to come in and say here's the magic solution to recreating the American family. It can help. It can help with the homeless, help with education, provide an opportunity. But it's going to have to be from neighborhood to neighborhood, church to church, synagogue to synagogue, it is going to have to be at the grassroots level – a community response working with all in dealing with a very difficult and perhaps the most challenging socioeconomic problem that we're going to confront as a nation in this next decade.

HAROLD BURSON: The media have reported disagreement in the White House between those who argue that the president's economic initiatives are insufficient and there are those who argue that the core problem is the White House Communications Staff's inability to communicate the president's messages. What's the story on this? What do you think?

THE HONORABLE DAN QUAYLE: Well, as usual the media is wrong. (Laughter) The president has a, he's got a good package. It's on Capitol Hill. Congress knows about it. We're now in a campaign. He's got to pay attention to the campaign. He's got to pay attention to what the Democratic Congress is doing. You can always make the argument that you can communicate better or you can articulate your viewpoint better. You can stand up and make a great speech and then you read it in the next day's paper and you say, was I there? You're never

exactly sure how it's going to be interpreted. But let's look at the whole issue. It's a good message. It's a good program. I think that there's no substitute for getting this jobs package passed and no substitute obviously to turn this country around, to have a few good months of good news. Housing starts, automobile sales up, people willing to get back into action, banks making loans, business as usual, people out there thinking about investing, making investments. If we can just have a few good months with good news, it's asking a lot, emphasize some of the good things that are happening in America, and I think we can turn this consumer confidence around. That's the troubling aspect. The people don't have the confidence today. Coming from Indiana, we went through a terrible recession in 1981, '82, '83. We had unemployment in our state at about 14, 14 ½%. We had unemployment in some counties at 24, 26%. In Indiana, agriculture, autos, and steel, you couldn't have it any worse in 1981, and 1982, and 1983. We now have national unemployment of 7.3%. And yet the frustration level is greater today, and there's more uncertainty about the future today than there was when we had worse economic statistics. And that's why we've got to go to the heart of the problem. And that is to communicate, articulate what we're doing on the jobs package and to tell and to be able to convince the American people that things really are going to get better, because today they don't believe it. Today they don't believe it. But I'm convinced in due time that we will be able to turn this around, that they will believe it, and that once again we're going to work ourselves out of a very sluggish economy and this country will be as strong as ever. (Applause)

RICHARD RAVITCH: As you properly noted, this is indeed a political year. Would you care to



share with us which of the following two governors you would most prefer to run against this November, Governor Clinton or Governor Cuomo?

THE HONORABLE DAN QUAYLE: Cuomo? Which would I prefer to run against?

RICHARD RAVITCH: On behalf of the president.

THE HONORABLE DAN QUAYLE: On behalf of the president. Well, I don't think, Mario's not running. Are you trying to tell me something?

RICHARD RAVITCH: I wouldn't know, Mr. Vice President.

THE HONORABLE DAN QUAYLE: But if he does run, it would be a lot of fun. (Applause) And he has a larger state than Governor Clinton does, so he starts out with a larger base. But I don't think I'll say that he would be tougher than Governor Clinton, but maybe he ought to find out whether he'd be tougher than Governor Clinton. And I'd sort of given up on Mario, but maybe there's hope. (Laughter) And if he does run, one of the first states to vote to reelect President George Bush will be the state of New York. (Applause)

HAROLD BURSON: Mr. Vice President, it was just about one year ago when this country was in a state of euphoria about the success of our military operations in the Persian Gulf. Today,

Saddam Hussein is still in power, the Kurds are still being oppressed, a violation to the cease-fire agreement. In retrospect, how would you assess that operation?

THE HONORABLE DAN QUAYLE: Well, the operation itself was extremely successful from a military point of view, from a political point of view. There's been a lot of discussion on this idea that somehow the United States and the coalition should have gone in and snatched or gotten Saddam Hussein and throw him out of power. That was never a stated objective. Since it wasn't a stated objective, there was never any real planning of going in and occupying Bagdad. The plan was to get the Iraqi forces out of Kuwait. And let me just tell you, to go in and to get Saddam Hussein in Bagdad would not be like going in to Panama and getting Noriega. I think a lot of people sort of have that in their minds. Well, you just go in and do it. It would have been a very expensive military campaign and perhaps thousands of Americans asked to give their life to their country to just get Saddam Hussein out of power. It was not a stated objective and I don't think it should have been a stated objective. Saddam Hussein today is weaker than he was a month ago, two months ago. There is absolutely no doubt in my mind, no doubt in my mind that in a reasonable period of time that he will be gone. My fear is this, is that once Saddam Hussein is out of power, I think there's going to be a tendency around the world to say he's gone and now we can do business again with Iraq. I don't know whether that will be the case or not. I hope so. But if it is a Baathist Party and somebody of Saddam Hussein's ilk, we'd better be very careful. And I can already see it, I can see, I felt it when I was in Europe a couple of weeks ago. They were talking about, well, when Saddam Hussein gets out of power, then we can get back to

business as usual. Businesses can't wait to get back and start doing business in Iraq. Well, before we take that plunge, and when Saddam's gone, we'd better stop and look and analyze to see who his successor is going to be. And if it is somebody of the same ideology, the same totalitarian capabilities, then we're going to have to put things on hold. Let's hope it's not another Saddam Hussein, but I'm warning you, don't count on it. I don't know. Nobody knows. But we cannot miscalculate; we cannot afford to have another Saddam Hussein on the loose in the Middle East. He came very close to having the nuclear weapon. And had he had that nuclear weapon capability, I am modestly convinced that he would have figured out a way to use it. And had he done that, it would have changed the military equation in the Middle East and around the world in a dramatic way. So for that, and a whole host of other reasons, we must be careful when it comes to dealing with Iraq today and Iraq in the future.

RICHARD RAVITCH: Mr. Vice President...

CHAIRMAN RICHARD A. VOELL: This is going to have to be your last question. Do you want to think about it before you ask it?

THE HONORABLE DAN QUAYLE: Does anybody want to stay for breakfast?

RICHARD RAVITCH: Mr. Vice President, you talked quite eloquently about the collapse of Communism in the world. Given what's currently happening in the Soviet Union, do you think

the United States government should do anything significant financially to stabilize the ruble, help insure the continuity of the current government in Russia? And if so, how much money should we spend to achieve that objective?

THE HONORABLE DAN QUAYLE: We're spending quite a bit of money. The actual dollar allocation just on an annual basis is about \$5.5 billion dealing with primarily humanitarian assistance, medical assistance, technical assistance. And that's a good chunk of change by anybody's estimation. The money alone is not necessarily going to be the answer to the problems in Russia and the CIS countries. The Stabilization Fund should come about, but I think the model should be Poland. Poland earned it. Poland made a number of difficult decisions to have a Stabilization Fund. When you create a Stabilization Fund, you create it to stabilize the currency, make it convertible, but you don't want to use it. And if you prematurely create a Stabilization Fund, there will be a pot of money there that will be drawn down and the currency will be worthless. There are additional ways in which we can help Boris Yeltsin and we should. He's the democratically-elected leader of the Soviet Union, or the Democratic leader of Russia. He believes in democracy. He wants to implement privatization but there is a difficulty in the details of what privatization, as you and I understand it, and how they understand it in Russia and elsewhere in the former Soviet Union. But clearly he's on the road to reform and clearly he is being challenged – you saw the demonstrations – challenged by Communists, the bureaucracy, the entrenched party apparatus that is now out of power. So we will continue to help him. It's in our interest to see a Democratic, independent, and strong Russia. And the reason it's in our

interest is because today they are Democratic and democracy is the way of the future and democracies should be supported. Thank you very much. Goodnight. (Applause)