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THE WHITE HOUSE
WASHINGTON

October 28, 1991

Dear Pete:

Thanks for your recent letter.

The basic "growth" plan that I have on the table is as follows:

- IRA's fashioned so as to stimulate home buying
- A job-intensive transportation bill
- R&D credits
- Capital gains tax rate cut
- Enterprise zones for the most impoverished areas.

The problem is Congress wants a different approach, one that would bust the budget agreement. You saw what happened when Lloyd Bentsen proposed his plan -- long-term rates shot up. Many of the political fixes being proposed would come into effect too late; many more would unleash the floodgates of Federal spending.

The economy is sluggish, and I worry about it -- not so much for the adverse effect on my election prospects, but rather because so many people are hurting. I don't believe the American people feel that the Federal Government can put an instant fix on the economy. I do believe they will blame those at election time who hurt them economically, or those who are perceived to be against their interests. I do not agree that we need a special "point man" to handle the economy.

Bush Presidential Library Protocol

As you suggest, I believe the initiatives that I favor can be packaged better. In terms of public relations on all this, you make some excellent suggestions. The problem is one can't go to the public with an uncertain message (such as in periodic reports). The State of the Union Message offers a way to get an unfettered message through to the American people. Whether the economy's actual performance demands real action sooner than that I cannot say. It is one thing to propose action (as I have done in the areas listed above) and quite another to get these things through a Democrat-controlled Congress. How I wish we controlled at least one House in the Congress.

Sorry for this rambling reply; but let me sum it up this way: I am grateful for your constructive suggestions, uncertain as to how to get them enacted. The last thing I want to do is to go through another bruising tax-raising exercise in which I get rolled by Congress.

Best wishes, as always.

Sincerely,

GEORGE

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PRESIDENT TO SIGN