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Folder Title:
National Newspaper Association Drop-by 3/15/90 [OA 6854]

Stack:	Row:	Section:	Shelf:	Position:
G	26	19	7	1

DATE: 3-7-90

TO: Bob Simon

FROM: Steve Landefeld *SL*

Attached is a draft copy of some "good news" talking points on the economy.

Dr. Boskin is out of town, but he has verbally approved these draft talking points, and he may send a revised draft tomorrow.

TALKING POINTS
GOOD NEWS IN THE ECONOMY

March 7, 1990

Overview of the U.S. Economy

- o The U.S. economy is the largest, most productive, and strongest economy in the world.
 - The United States, with less than 5 percent of the world's population, accounted for 26 percent of world GNP in 1988. This is more than 2-1/2 times that of the next largest economy (Japan).
 - With exports of goods and services at an all-time high in 1989 (\$589 billion), the United States once again became the world's leading exporter. *in 82 \$ 625 billion 89 dollar*
 - America's standard of living, as measured by per capita income, is the highest of any major industrialized country in the world and is one-third higher than that of West Germany or Japan.

The Current Expansion

- o The economy continued to expand in 1989, the seventh consecutive year of economic growth.
 - GNP rose 2.5 percent in 1989. This was more moderate than the very rapid pace of economic growth in 1987 and 1988.
 - A better balance between domestic spending and domestic production was achieved, as growth in government purchases slowed while net exports and business investment grew more rapidly.
 - The Nation's saving rate -- the sum of business and household saving less government borrowing-- rose from a low of 12.2 percent in 1987 to 13.4 percent in 1989.
 - During this period, personal saving by households rose from 3.2 to 5.4 percent while the federal government deficit (borrowing) fell from 3.4 to 2.9 percent.
 - The federal government deficit
- o The continued expansion has further increased employment and incomes.

13.2% in 88

- 21.2 million jobs have been created in the current expansion. Job gains in 1989 totalled 2.5 million.
 - The average unemployment rate in 1989, 5.3 percent, was at its lowest level since 1973 and was lower than in any major European country.
 - 1989 unemployment rates for blacks (11.4 percent) and teenagers (15.0 percent) were the lowest since the early 1970s. For Hispanics, the 1989 rate (8.0 percent) was the lowest recorded since the government began keeping separate data for this group in 1980.
 - The unemployment rate for adult women (4.7 percent) was the lowest since 1969. During the 1980s, the unemployment rate for women has fallen to a rate about equal to that for men. This is a first since World War II.
 - Personal income after taxes and adjusted for inflation, rose 3.6 percent in 1989, above the 2.9 percent average during the last 10 years.
- o The trade deficit has improved markedly, falling to its lowest level since 1984.
- The merchandise trade deficit has fallen almost 30 percent from its 1987 peak.
 - The merchandise trade deficit declined by 11 percent in 1989 to \$113.2 billion.
 - Exports of goods increased by 13 percent in 1989 to \$361.9 billion.
 - Imports of goods increased by 6 percent in 1989 to \$475.1 billion.
 - The improvement in the merchandise trade deficit in 1989 is especially striking when petroleum products are excluded.
 - The merchandise trade balance excluding petroleum products fell by 28 percent to \$63 billion in 1989.
 - The merchandise trade deficit was partly offset by a substantial and growing surplus in services.

- o Inflation has been contained in the expansion.
 - Following an uptick early in 1989 due to a temporary jump in food and energy prices, inflation returned to the 4 percent range it has maintained for most of this expansion.
 - The broadest measure of economy-wide inflation, the GNP fixed-weighted price index, rose by 4.1 percent during 1989, down from 4.5 percent in 1988 and about the same as in 1987.
- o Interest rates declined substantially during most of 1989.
 - In December short-term interest rates were 119 basis points below their peaks in March 1989. And, despite an increase of 12 basis points early this year, they remain more than a percentage point below last March's level.
 - 10-year bond rates declined 152 basis points between March and December 1989. These rates have moved up somewhat more than short-term rates recently, but still remain about 90 basis points below last March's level.
 - Most of the decline in 3-month T-bill rates occurred between March and October. In contrast, 10-year bond rates moved down through the end of the year.
 - The prime rate charged by banks is 1-1/2 percentage points below last March's level.
 - Mortgage rates also are below their mid-1989 highs, 9.91 percent in January as compared with 10.48 percent in July.

Recent Economic Data

- o Recent data indicate that the economy is growing more slowly, but do not point to a recession.
 - Labor market data show continued employment growth and no increase in unemployment, pointing to continued growth in production. (To be updated Friday, March 9 when the February employment data are available.)
 - Other indicators of activity are mixed, but on balance suggest that we are in a period of weak growth.
 - Autos, housing, and certain manufacturing sectors remain weak, but consumer confidence remains at

relatively high levels, and the trade deficit continues to improve.

- o The underlying inflation rate remains close to its average over the past 7 years.
 - The large price increases in January were distorted by special factors, including weather and sharp increases in food and energy prices.
 - Excluding volatile food and energy prices, the underlying "core" inflation rate rose 4.5 percent, similar to the average pace of the past 7 years.
 - This uptick in inflation is similar to what happened early last year, when prices rose sharply and then slowed considerably later in the year.

THE WHITE HOUSE

WASHINGTON

March 14, 1990

MEMORANDUM FOR THE PRESIDENT

THROUGH: CHRISS WINSTON *cw*
FROM: DAN MCGROARTY *DMcG*
SUBJECT: NATIONAL NEWSPAPER ASSOCIATION DROP-BY

I. SUMMARY

On Thursday, March 15, from 3:30 to 3:45 p.m., you will meet with National Newspaper Association members in OEOB Room 450. The remarks (5 minutes/cards) will be followed by a short Q & A session. About 200 people will be there.

II. DISCUSSION

The NNA represents over 5,000 community newspapers nationwide. Your appearance will follow an on-the-record briefing by Chief of Staff Sununu, Roger Porter, and Marlin Fitzwater.

The remarks recap the National Association of Manufacturers speech, which will take place that morning.

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McGroarty/Dooley
March 14, 1990
3:00 pm
[NNA]

PRESIDENTIAL REMARKS: NATIONAL NEWSPAPER ASSOCIATION DROP-BY
RM. 450, OEOB
MARCH 15, 1990
3:30 P.M.

Welcome to Washington -- and to what we call // the White House Complex. // [[And no -- that's not the same as "Beltway Syndrome." //]]

I am pleased to have this chance to meet with such a broad cross-section of our nation's print journalists. Wherever you're from -- whether you came in all the way from the West Coast, or whether you're from one of the "local" local newspapers, within walking distance of the White House -- I'm delighted to have you here. The newspapers you represent -- and in many cases, own and operate -- are part of a proud tradition serving every community across this country.

In a moment, we'll get on to what you came for -- Q&A. But before we do, I want to underscore some of the points I made this morning to the National Association of Manufacturers on the state of the American economy.

The fact is, the economy remains sound and steady. I know there are some arm-chair economists out there who've been predicting doom and gloom for years now. I suggest the hand-wringers take a look at the indicators. GNP -- up. Exports -- up. Personal income -- up. // Take a look at the trade deficit

-- down. The federal deficit -- down. Same with the prime rate. And of course, unemployment is down: last year's rate was the lowest in the past 16 years.

That's good news -- but of course there is a great deal we can and must do to keep this expansion going -- and make a strong economy even stronger. We've got to start by creating incentives for investment. We've got to cut the capital gains tax -- bring the cost of capital in the U.S. into line with our other industrial competitors. We need to put in place tax incentives to encourage R&D, to stay competitive tomorrow. And of course we've got to make the most crucial investment of all -- in our children. Education. // We know America can't remain a world-class economy without first-class schools. //

If we adopt this agenda -- if we make these key investments in our future -- we'll reap a "growth dividend" -- a return on our investment in expanded opportunity, more jobs, and a higher standard of living for all Americans. ///

Now, I'll stop right here, and take your questions.

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McGroarty/Dooley
March 14, 1990
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March 14, 1990

BRIEFING MEMORANDUM FOR
NATIONAL NEWSPAPER ASSOCIATION DROP-BY

DATE: Thursday, March 15, 1990
TIME: 3:30 p.m. - 3:45 p.m.
LOCATION: Room 450, OEOB

THROUGH: DAVID DEMAREST
 CHRISS WINSTON
 KRISTIN CLARK TAYLOR

FROM: PAUL LUTHRINGER
 Assistant Director of
 Media Relations

I. PURPOSE:

To provide brief welcoming remarks to members of the National Newspaper Association (NNA) members, recognize their contribution to "grass roots" journalism and participate in a brief Q & A session.

II. BACKGROUND:

The National Newspaper Association represents over 5,000 community newspapers nationwide.

This is yet another effort to reach beyond the National press corps and show support for one of the oldest and worthiest journalistic traditions in America -- the local and community press.

Your participation in this briefing will follow an on-the-record briefing by the [Chief of Staff], [Roger Porter] and [Marlin Fitzwater].

This event falls in the middle of NNA's four-day Government Affairs Conference here in Washington, during which, members will attend briefings Nick Brady, Jack Kemp, Dick Cheney, Lauro Cavazos and Bill Bennett.

President Reagan met with this group seven times during his two terms.

David Simonsen - Exec VP
466-7200

III. PARTICIPANTS:

The President
Chief of Staff
Roger Porter
Marlin Fitzwater
David Demarest
Kristin Clark Taylor
Paul Luthringer
200 NNA member-owners and publishers (list of participants
attached)

IV. PRESS PLAN:

Open photo/writing pool, plus specialty press from NNA
members

V. TALKING POINTS:

To be provided by Office of Communications

McGroarty/Dooley
March 12, 1990
12:30 pm
[NNA]

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RM. 450, OEOB
MARCH 15, 1990
3:30 P.M.

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I am pleased to have this chance to meet with such a broad cross-section of our nation's print journalists. Wherever you're from -- whether you came in all the way from the West Coast, or whether you're from one of the "local" local newspapers, within walking distance of the White House -- I'm delighted to have you here. The newspapers you represent -- and in many cases, own and operate -- are part of a proud tradition serving every community across this country.

I know today you've had an opportunity to meet first-hand -- and on the record -- with some of the key players in our Administration. John Sununu, my Chief of Staff, who some of you know from his days in the New Hampshire State House. Roger Porter, my Domestic Policy Advisor, point man on the landmark Clean Air Act we've been steering through the Senate. And of course, you've met with the fellow who does this kind of thing for a living, spokesman Marlin Fitzwater.

In a moment, we'll get on to what you came for -- Q&A. But before we do, I want to underscore a point I made this morning in my address to the National Association of Manufacturers.

[[REPRISE N.A.M. NEWS THEME....]]

Now, your questions.

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