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G	26	22	6	7

Johns/
Draft one
July 24, 1992

PRESIDENTIAL REMARKS FOR REAGAN ALUMNI
Wednesday July 29, 1992
OEOB Room 450, 5pm

Thank you, and welcome to all you. What a pleasure to see so many old friends.

(Acknowledgements).

You know, since Ronald Reagan left the White House, one thing is noticeably absent from our cabinet room: no jar full of jelly beans.

I remember how President Reagan would often say that "you can tell a lot about a fella's character by whether he picks out all of one color or just grabs a handful." //Well, if we had that jar back in the White House today, I guess Bill Reilly would like the greens and Dick Cheney would hate the reds.//

Seriously, back ^{once again with all of you} in this room, I'm reminded that the crusade we began together in November 1980 still lives. They call it the Reagan Revolution, and let me be clear: I believed then, and I still believe, in this revolution.

And as I look around this room, I see the architects of some of our country's most spectacular victories: the rebirth of the American economy from the doldrums of the 1970s, the victory over communism and the reinvigoration of our nation's defense, and -- perhaps most important -- the restoration of America's national pride and purpose. Grand accomplishments -- each of them.

~~10/10/70's~~

And a lot of credit must go to the man who put us on this course of revival, one of our country's most beloved, most spectacular leaders: Ronald Reagan.

(?)

(before Ronald Reagan's arrival:

Think back a bit to the world we faced in 1980: gas lines, a devastating combination of double-digit inflation and unemployment -- called stagflation -- that was eating at the

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pg 34

1979 what else

wallets of the American people. Economic mismanagement, social liberalism -- all these things were tearing apart the American family and tearing apart our nation.

economically
or
socially?

And, across our great country, something even worse was happening: We were quickly losing faith in America's future -- and the Democrats were showing us that our fears were not without justification, that there was no reason to believe things would improve. Liberalism told us to prepare for the worst -- that America was on the way down.

And then, of course, there was the frightening global situation: A Soviet Union on the march; the rise of hostile, totalitarian regimes in virtual every area of the globe: Afghanistan, Iran, Nicaragua. It was a world where terrorists stormed American embassies, and held American officials for months -- as the Democrats' defense and foreign policy establishment sat paralyzed with fear and with indecision. Bleak days that I'm sure we'd all like to forget.

But we all know what happened next. Enter the Gipper. Ronald Reagan brought us new vigor and hope. He sent the liberals packing. And then, with wide support from the American people, he

instituted his winning, conservative values -- his unblinking belief in the abilities of ordinary Americans, his healthy skepticism of government's ability to solve every problem everywhere, and his conviction that, if government got out of the way, there was nothing that we could not achieve as Americans.

And then came our 40th president's challenge to the Soviet Union. Correctly, Mr. Reagan looked at the Soviet Union, its persecution of the religious, its invasion and occupation of foreign lands, its denial of fundamental rights and liberties -- and he said that a regime that did these things was, indeed, an evil empire.

And then he went still further. He said that evil would not stand. He challenged Moscow to choose between the forces of liberty and those of tyranny. With your support, we backed up our rhetoric with the force that was needed to prevail -- we countered the Warsaw Pact, which was preparing for World War III; we sent aid to freedom fighters from Afghanistan to Angola; and we let the forces of liberation know: Your cause is our cause. We stand with you in the trenches against tyranny.

Who can forget Reagan's challenge at Brandenburg Gate: "Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall." With this challenge, we knew that the correlation of forces had changed forever. Communism was now on the run; and liberty was on the march. With guns and tanks we defended Western Europe, but with words -- the power of ideas and the promise of freedom -- we liberated that continent's eastern half.

Without Ronald Reagan, and without many of you here today who believed in his vision, these changes would never have occurred. And this is why, when I was running for president in 1988 and my opponent called for change, I was quick to remind him: Sir, we are the change.

And, you know what, we're still the change. The values that brought us to Washington in 1980 -- a rejection of tax-and-spend economics, support for the American family and its values, a belief in the ingenuity of ordinary Americans, an understanding of the importance of God in our lives, and an unswerving support for a strong America -- these are the enduring values that continue to guide our crusade. And these are the values I continue to embrace.

So, let me congratulate you on the historic contributions that all of you have made to our great nation. Keep up your important efforts. Together, our revolution will continue.

Thank you all very much.

Johns/Gershowitz
Draft two
July 27, 1992

PRESIDENTIAL REMARKS FOR REAGAN ALUMNI
Wednesday July 29, 1992
OEOB Room 450, 5pm

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Seriously, ~~back once again with all of you~~, I'm reminded that the crusade ~~we began together in November 1980~~ still lives. ~~They call it the Reagan Revolution~~, and ~~let me be clear~~: I ^{M:KE Johns} believed then, and I still believe, in this revolution.

And as I look around this room, I see the architects of some of our country's most spectacular victories: the rebirth of the American economy from the doldrums of the 1970s, the victory over communism and the reinvigoration of our nation's defense, and -- perhaps most important -- the restoration of America's national pride and purpose. Grand accomplishments -- each of them.

And a lot of credit must go to the man who put us on this course of revival, one of our country's most beloved, most spectacular leaders: Ronald Reagan.

As I look back on my decades of public service, there were thousands of men and women I encountered who worked tirelessly to strengthen our country. But there is one thing I will never forget: being at Ronald Reagan's side as he fought -- often against the odds -- to strengthen America and bring us a spirit of renewal and hope. Ronald Reagan reminded Americans that we live in the greatest of countries -- what he was fond of calling "a shining city on a hill," and he challenged Americans to reach for higher and higher levels of greatness. And, inspired by his leadership, they answered his call.

Mike
Johns

CURT'S
11-91 speech
Reagan Lib

Last November, out in Simi Valley, California, we dedicated the Reagan library. I recalled then how Ronald Reagan often would be impressed by Americans whose stories and achievements had inspired him. Many times, he would write out letters in longhand to these men and women, then ask that they be retyped so that the recipients could read them. I always viewed this as a sign that Ronald Reagan's motivation as president -- and his love for his job -- came not from his awesome powers, not from mingling with the powerful and the rich -- but from his contact with the ordinary citizens of a country he loved.

in CURT'S
11-91 speech
in CURT'S
11-91
Reagan
Lib speech

You know, sometimes -- especially in the heat of a political year -- it's easy to forget how far we've come. Think back a bit to the world we faced before Ronald Reagan's arrival in

Washington: gas lines, a devastating combination of double-digit inflation and unemployment -- called stagflation -- that was eating at the wallets of the American people, and crippling interest rates. Economic mismanagement, social liberalism -- all these things were tearing apart the American family and tearing apart our nation.

And then, of course, there was the frightening global situation: A Soviet Union on the march; the rise of hostile, totalitarian regimes in virtually every area of the globe: Afghanistan, Iran, Nicaragua. It was a world where terrorists stormed American embassies, then held American officials for months -- as the Democrats' defense and foreign policy establishment sat paralyzed with fear and with indecision. Bleak days that I'm sure we'd all like to forget.

And at the same time -- across our great country -- something even worse was happening: We were quickly losing faith in America's future -- and the Democrats were showing us that our fears were not without justification. Liberalism told us to prepare for the worst -- that America was on the way down.

But we all know what happened next. Enter the Gipper. Ronald Reagan brought us new vigor and hope. He sent the liberals packing. And then, with wide support from the American people, he instituted his winning, conservative values -- his unblinking faith in the abilities of ordinary Americans, his appointment of judges who had respect for the original meaning of our Constitution,

Mike
TOWS

BASE Year 4

and his conviction that, if government got out of the way, there was nothing that we could not achieve as Americans.

Today, as we look back on Ronald Reagan's prescriptions, one thing is clear: they worked. On the economic front, just look at the numbers. ^{Ref: '82 to '89 (8.5 using annual AD) MEDIAN} More than 20 million new jobs created. Family and

household incomes boosted to record highs. And, no matter how much the critics try to distort this record, we need to be honest in acknowledging that the gains did not flow exclusively to the rich -- ^{WERE SHARED BY ALL SEG. OF SOCIETY} ~~all~~ of America benefited. During the Reagan years, the

bottom 20 percent of income earners saw their incomes climb 12 percent ^{MIDDLE AMERICAN (MIDDLE 20%)} to record levels. And middle income family incomes rose 13 percent.

The Reagan record will forever show this fact: Reaganomics sparked the longest peacetime period of prolonged economic growth in our country's history. No liberal spin -- no partisan posturing -- can alter that fact.

And then, of course, came our 40th president's challenge to the Soviet Union. Correctly, Mr. Reagan looked at the Soviet Union, its persecution of the religious, its invasion and occupation of foreign lands, its denial of fundamental rights and liberties -- and he said that a regime that did these things was, indeed, an evil empire.

~~MIKE JOHNS~~

Then he went still further. He said that evil would not stand. He challenged Moscow to choose between the forces of liberty and those of tyranny. And with your support, we backed up our rhetoric with the force that was needed to prevail -- we

Chris Frenze - 202-224-0373
JOINT ECONOMIC COMM

Chris Frenze
JOINT ECON COMM

countered the Warsaw Pact, which was preparing for World War III; we sent aid to freedom fighters from Afghanistan to Angola; and we proudly let the forces of liberation know: Your cause is our cause. We stand with you in the trenches against tyranny.

Mike
Johns

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And, you know what, we're still the change. The values that brought us to Washington in 1981 -- a rejection of tax-and-spend economics, support for the American family and its values, a belief in the ingenuity of ordinary Americans, an understanding of the importance of God in our lives, and an unswerving support for a strong America -- these are the enduring values that continue to guide our crusade. And these are the values that I continue to embrace.

Mike
Johns

Ronald Reagan and I always have shared a deep conviction that government must learn to trust the American people. Twelve

~~years~~ ~~ago~~, ~~we~~ ~~began~~ ~~fighting~~ ~~for~~ ~~tax~~ ~~cuts~~ that put our nation's

6
→ Mike Johns

economic future back in the hands of the people. Today, we're continuing that fight. We're fighting to reduce the tax burden on first-time home buyers, to give parents the right to choose their children's schools, to let parents rather than government bureaucrats make important decisions about child care, and to stimulate the economy by creating incentives for American business. I am determined to continue this revolution because I trust the American people and I have faith in their ability to keep this country prosperous and standing tall.

But let me also issue a warning -- and I want to be blunt. Right now, we are in the fight of our lives. All of the gains you and I have made over the past twelve years are in jeopardy. I need your help if we are going to continue moving America forward. We simply cannot afford to go back again to the days of old. And let there be no mistake: beneath the nice packaging and the calls for change, that is precisely what my opponents have to offer -- a return to the failed policies you and I have worked so tirelessly to correct. And this is one of the reasons that our opponents are attacking not just me; they are out to deride and distort the entire Reagan legacy.

Well, let me say: They cannot be allowed to prevail at the expense of the truth. We must finish what we start. The stakes are simply too high.

So, let me congratulate you on the historic contributions that all of you have made to our great nation. Keep up your

important work, and I hope you will join me in continuing to advance our mutual values over the coming 100 days. Together, our revolution must continue.

Thank you all very much.

Johns/Gershowitz
Draft three
July 27, 1992

PRESIDENTIAL REMARKS FOR REAGAN ALUMNI
Wednesday July 29, 1992
OEOB Room 450, 5pm

Thank you, and welcome to all you. What a pleasure to see so many old friends.

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And as I look around this room, I see the architects of some of our country's most spectacular victories: the rebirth of the American economy from the doldrums of the 1970s, the victory over communism and the reinvigoration of our nation's defense, and -- perhaps most important -- the restoration of America's national pride and purpose. Grand accomplishments -- each of them.

And a lot of credit must go to the man who put us on this course of revival, one of our country's most beloved, most spectacular leaders: Ronald Reagan.

As I look back on my decades of public service, there were thousands of men and women I have met who worked tirelessly to strengthen our country. But there is one thing I will never forget: being at Ronald Reagan's side as he fought -- against all odds -- to strengthen America and bring us a spirit of renewal and hope. Ronald Reagan reminded Americans that we live in the greatest of countries -- what he was fond of calling "a shining city on a hill," and he challenged Americans to reach for higher and higher levels of greatness. And, inspired by his leadership, they answered his call.

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You know, sometimes -- especially in the heat of a political year -- it's easy to forget how far we've come. Think back a bit to the world we faced before Ronald Reagan's arrival in

Washington: to the gas lines, a devastating combination of double-digit inflation and unemployment -- called stagflation -- that was eating at the wallets of the American people, crippling interest rates, the misery and malaise. Economic mismanagement, social liberalism -- all these things were tearing apart the American family and tearing down our nation.

And then, of course, if you're not already queasy enough, there was the frightening global situation: A Soviet Union on the march; the rise of hostile, totalitarian regimes in virtually every region of the globe: Afghanistan, Iran, Nicaragua. It was a world where terrorists stormed American embassies, then held American officials for months -- as the Democrats' defense and foreign policy establishment sat paralyzed with fear and with indecision. Bleak days that I'm sure we'd all like to forget.

But we all know what happened next. Enter the Gipper. Ronald Reagan brought us new vigor and hope. He sent the liberals and their ideas packing. And then, with wide support from the American people, he advanced his winning, conservative values -- his unblinking faith in the abilities of everyday Americans, his appointment of judges who respect the original meaning of our Constitution, and his conviction that, if government got out of the way, there was nothing America could not achieve.

Today, as we look back on Ronald Reagan's prescriptions, one thing is clear: they worked. This is not what the liberal myth-makers and their friends in the media want to hear. But on the economic front, just look at the numbers: Between 1982 and 1989,

more than 20 million new jobs were created. Median family and household incomes boosted to record highs. And, no matter how much the critics try to distort this record, we need to be honest in acknowledging that the gains were shared by all segments of society -- all of America benefited. During the Reagan expansion, a full 85% of the bottom fifth of income earners in 1979 had climbed to a higher level by 1988. And -- during this period -- more people had gone from the lowest income level to the highest income level than remained stuck at the bottom.

NEW
YORK
TIMES
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And then, of course, came our 40th President's challenge to the Soviet Union. Correctly, Mr. Reagan looked at the Soviet Union, its persecution of the religious, its invasion and occupation of foreign lands, its denial of fundamental rights and liberties -- and he called it like it was: an evil empire.

Then he went still further. He said that evil would not stand. He challenged Moscow to choose between the forces of liberty and those of tyranny. And with your support, we backed up our rhetoric with the force that was needed to prevail -- we countered the Warsaw Pact, which was gearing up for World War III; we sent aid to freedom fighters from Afghanistan to Angola; and we proudly let the forces of liberation know: Your cause is our cause. We stand with you in the trenches against tyranny.

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Without Ronald Reagan, and without many of you here today who believed in his vision, these changes would never have occurred. And this is why, when I was running for president in 1988 and my opponent called for change, I was quick to remind him: Sir, we are the change.

And, you know what, despite what you might be hearing from the Democrats in the liberal Trojan horse, we're still the change. The values that brought us to Washington in 1981 -- a rejection of the failed tax-and-spend policies of the past, support for faith and family, a belief in old-fashioned American ingenuity, an understanding of the importance of God in our lives, and an unswerving support for a strong America -- these are the enduring values that continue to guide our crusade. These are the values that Ronald Reagan stood for, and these are the values that I continue to stand for.

Ronald Reagan and I always have shared a deep conviction that government worthy of the peoples' trust could only be a government that trusts the American people. Twelve years ago, we began fighting for tax cuts that put our nation's economic future back in the hands of the people. Today, we're continuing that

fight. We're fighting to reduce the tax burden on first-time home buyers, to give parents the right to choose their children's schools, to let parents, not the government, make important decisions about child care, and to free the entrepreneurial spirit by creating incentives for American business. I am determined to see this revolution go forward because I trust the American people and I have faith in their ability to keep this country prosperous and standing tall.

But let me also issue a warning -- and I'll be blunt. Right now, we are in the fight of our lives. All of the gains you and I have made over the past twelve years are in jeopardy. I need your help if we are going to continue moving America forward. And let there be no mistake: beneath the slick packaging and the calls for change, that is precisely what my opponents have to offer -- a return to the failed policies you and I have worked so tirelessly to correct. And don't just take my word for it, listen to another George -- George McGovern. He called this year's Democratic ticket a "trojan horse," and he said, and I quote: "They're much more liberal underneath...and they'll prove it when they're elected."

I never thought I'd say this, but George McGovern -- what an insightful man!

But this is one of the reasons that our opponents are attacking not just me; they are out to deride and distort the entire Reagan legacy. Well, let me say: They cannot be allowed to

prevail. We must finish what we start. The stakes are simply too high.

So, let me congratulate you on the historic contributions that all of you have made to our great nation. Keep up your important work, and I hope that you will join me in continuing to advance our mutual values over the coming 100 days.

Wendell Phillips once declared that "Revolutions never go backward." Neither can ours. Together, our revolution must continue; it must go forward.

Thank you all very much.

Johns/Gershowitz
Draft four
July 28, 1992

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Wednesday July 29, 1992
OEOB Room 450, 5pm

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During the cart. Admin
the top 1% got 100% of income
gains while the income of middle
& lower America (99%) in 1980s.

Paul Greg Roberts
~~Paul Greg Roberts~~
Kash Truett
company

1. Personal observation

2.

U.S. News & World Report, December 15, 1980

December 15, 1980

SECTION: Pg. 50

LENGTH: 1250 words

HEADLINE: Prosperity Without Inflation;
Interviews With Four Nobel Prize Winners

BYLINE: Milton Friedman;

Friedman, 68, received a Nobel in 1976 for his work in monetarism, the school of economics that stresses the money supply. He is with the Hoover Institution at Stanford University.

HIGHLIGHT:

Double-digit inflation, slow growth in output, millions of people out of work: This is the economic thicket that entraps Americans and awaits President-elect Ronald Reagan's administration.

Can the problems which have been building since the mid-1960s be solved? What should the White House, Congress, the Federal Reserve do in the months ahead? How much progress can people expect and how quickly? Above all, what

12TH STORY of Level 1 printed in FULL format.

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December 23, 1980, Tuesday

SECTION: Pg. 1

LENGTH: 1450 words

HEADLINE: OECD Forecast: More of Sluggish Same

BYLINE: By M.S. MENDELSON

DATELINE: LONDON

BODY:

A weak recovery of output, a slow and modest decline in inflation but another steep rise in unemployment are the main developments forecast for the world's industrialized countries over the coming 18 months by the Organization for Economic Cooperation and Development.

The forecasts are contained in the OECD's half-yearly Economic Outlook, released in Paris for publication Tuesday. As usual, the forecasts are based on present trends and policies. Also, they assume no further rise in real oil prices, no significant changes in exchange relationships and the maintenance of business confidence at present levels. If those assumptions are not realized, output could be even weaker than forecast, the OECD warns.

The picture is not bleak in every respect. The combined current payments deficit of the OECD's 24 member countries is forecast to shrink to about \$40 billion in 1981 from about \$73 billion in 1980, mainly on another strong improvement in the American current surplus. The American surplus is forecast to rise to almost \$20 billion next year from an estimated \$5 1/2 billion in 1980. If achieved, that would represent a massive swing of almost \$35 billion from the American deficit of \$14 billion just two years ago, in 1978.

Energy Production Rises

More important is the "considerable success" achieved so far by the OECD countries in reducing their dependence on imported oil. Conservation induced by higher prices and by regulation have reduced energy use per unit of gross national product by about 4% over the past two years. At the same time energy production has risen by 4% in the OECD area since 1978 and, as a result, OECD's net oil imports have fallen by about 10% during the past two years. Without the war between Iran and Iraq, an excess of world oil supply over demand would have been likely this year.

But apart from those brighter aspects, the prospects of stagflation with sharply rising unemployment are distinctly discouraging, as painted by the OECD secretariat. Real gross national product of the OECD area is estimated to have fallen at an annual 3/4% on a seasonally adjusted basis during the six months just ending. A gradual resumption of growth is projected from the start of next year, rising from an annual rate of 1 1/2% in the first half of 1981 to an annual 3% in the first half of 1982.

But even that annual 3% would be well below OECD growth during any of the past 20 years excepting the two recession years of 1974 and 1975. The same is

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true of the 1% growth in output forecast for the OECD area for 1981 as a whole, which would be exactly the same as the sluggish growth estimated as having been achieved in 1980.

A Little Recovery

The United States, accounting for 35% of OECD output, is the only major economy for which an improvement in output is forecast. But it is a very modest one -- from an estimated 3/4% fall in GNP during 1980 to a forecasted rise of that same magnitude in 1981, which would leave America's real output of goods and services almost exactly where it was in 1979.

Some economic recovery is also forecast for Canada and Spain, each accounting for about 3% of OECD output, and for Denmark, Greece, Ireland and Turkey, accounting between them for about 2 1/2% of OECD production.

Output in the other 15 OECD countries is expected to be lower in 1981 than this year, although some upturn is forecast for most of them in the second half of 1981 and the first half of 1982. The notable exception is the United Kingdom, where output is expected to weaken again after a brief recovery in the first half of next year.

In spite of the sluggish outlook for economic activity, nothing more than a very modest cooling of inflation is projected. The American rate of consumer price inflation is forecast to decline to no more than an average 10% next year from an estimated 10 1/2% in 1980, and the rate for the whole of the OECD area is forecast to decline only to about 9 3/4% in 1981 from an estimated 11 1/4% in 1980.

Wasted Human Resources

It is true that a gradual lowering of the annual inflation rate from about 10% to 8% is forecast for OECD's seven leading economies in the period to mid-1982. But the 10% inflation rate forecast for the OECD area as a whole for 1981 would, if achieved, still be the highest since the rates of 13 1/2% in 1974 and 11 1/4% in 1975.

Even the marginal slowing of inflation foreseen by the OECD for the next 18 months is being bought at a staggering cost in terms of wasted human resources. Unemployment in the area is expected to rise from 23 million to 25 1/2 million over the coming year and then do nothing better than level off. At the latter figure, unemployment will have reached 7 1/2% of the OECD labor force, compared with an average 3% in the 10 years to 1973, less than 5% in the five years to 1979 and a present level of 5 3/4%.

The OECD secretariat does not comment on the diminishing trade-off between the achievement of even some minimal level of price stability and employment, but the figures speak more strongly than any comment can.

Moreover, the average of 5 3/4% unemployment which exists in the OECD area now and the 7 1/2% envisaged for about a year hence disguises a far higher concentration of unemployment among young people under the age of 24, minority groups and workers in declining regions and industries.

Oil Hikes Plus Monetarism

Furthermore, the flattening of unemployment in the OECD as a whole forecast from mid-1982 would reflect almost entirely a decline projected in the

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American unemployment rate from 8% at present to 7 3/4% in 12 months. In Japan, Germany, France, Britain, Italy and Canada, unemployment is expected to go on rising to new peaks over the coming year.

The OECD secretariat puts some of the blame for the western world's present difficulties on the 150% rise in world oil prices during the 18 months to mid-1980. Because of that rise and even without allowing for the latest 10% hike in nominal, though not in real, oil prices, the secretariat estimates that total OECD gross national product in 1981 may be 6 1/2% or about \$550 billion lower than it might have been without the second oil "shock."

Nevertheless, the OECD secretariat implies that some of the industrial world's present difficulties are the creation also of competitive monetarism. Because of the high priority accorded to fighting inflation, there is a general tendency to resist any action which might lead to depreciation of the exchange rate. There is even a certain willingness to accept currency appreciation, despite the implications for trade performance and the level of domestic activity.

Will It Work on Large Scale?

"However," the report states, "while a single country can retard imported inflation by tight policy, such as monetary policy, which tends to raise interest rates and hence the exchange rate, there is a risk that if this were attempted by too many countries, monetary conditions would be tighter than generally warranted by purely domestic considerations, while having little or no effect on effective exchange rates and hence imported inflation."

As to its forecasting record, the latest OECD report admits that this has been weakest in years following major shocks to the world economy. OECD itself does not go backwards in detail, but anyone who cares to compare forecasts of the 1970s with what actually occurred will see that the OECD underestimated the recession and inflation of 1974, the recovery of 1976 and the renewed inflation of 1978.

A Good Record on Balance

But on the whole the secretariat's record has been a good one, and the projections for the year now ending have proved extremely close to the result. The OECD itself has warned that the risks to its forecast of a modest recovery of output in the coming 18 months are on the downside. And its forecasts of a moderation of inflationary pressures may prove to be hopeful -- even if output does not in fact recover to the small extent now forecast.

Finally, a note for bank statisticians. The cut-off date for information used in the latest OECD forecasts was November 17. In other words, the forecasts do not take into account the most recent 10% rise in world oil prices. That rise in itself, however, represents almost no rise in real terms and should not therefore influence the forecasts to any degree that matters. As a rough rule of thumb, the OECD stands by its formula that any 10% rise in real world oil prices adds about 1% to OECD inflation while depressing OECD's economic output by about 1/2%.

— Language by Chris FRENZE, Joint ECON
COMM- 224-0373—

On the economic front, just look at the numbers: Between 1982 to 1989 more than 20 million new jobs created. Median family and household incomes boosted to record highs. . . we need to be honest in acknowledging that the gains were shared by all segments of society -- all America benefitted.) During the Reagan expansion, the bottom 20 percent of income earners saw their incomes climb 12 percent; middle American family incomes rose 13 percent.

Time to Get Back to Reaganomics



William E. Sauro/The New York Times

By EDWIN S. RUBENSTEIN

Assertions have been made, in a number of articles in this paper and others, that the richest 1 percent of American families received 30 percent of the total income growth in the 1980's. The evidence for these claims — cited by Presidential candidate Bill Clinton in his acceptance speech at the Democratic National Convention — is based on an analysis of data from the Congressional Budget Office done by Robert Krugman of the Massachusetts Institute of Technology.

Rubenstein is economics analyst at the *National Review*.

Unfortunately, the Congressional Budget Office numbers are seriously flawed. They attribute far too much income to the "rich," while shortchanging the middle class and poor.

By counting only taxable income, for example, the budget office excludes the untaxed proceeds from the sale of a home, as well as capital gains accruing to middle-class families in the form of pension funds. The budget office ignores the value of housing subsidies, Medicaid and other in-kind transfers, which account for a growing share of income received by the poor.

According to the budget office's estimates, the average income of the top 1 percent of families increased from \$289,743 (in 1990 dollars) in 1977, to \$548,970 in 1990, a 94.2 percent rise. Capital gains, up 171 percent, was allegedly the fastest-growing source of income for this well-heeled group.

But the budget office failed to adjust capital gains for inflation. By its reckoning, someone who bought an asset for \$50,000 in 1977 and sold it for \$100,000 in 1990 had a capital gain of \$50,000, even though — adjusted for inflation — the asset really sold for less than its purchase price. In a letter to Congress in March, Robert Reischauer, director of the Congressional Budget Office, acknowledged an overstatement of \$134 billion from this error.

The analysis also errs in choosing 1977 to 1989 as the period to appraise growth for the 80's. Census data show that 85 percent of the income decline allegedly suffered by the middle fifth of families actually occurred between 1977 and 1980. The suffering was in the Carter years, not the Reagan

years. In 1980 alone, the poorest 20 percent suffered losses that offset all Reagan-era gains. —

When these corrections are made, the share of pretax income growth received by the top 1 percent during the 1980 to 1989 period falls to 38 percent, according to the budget office. On an after-tax basis, only 25 percent of income growth during this period went to the top 1 percent.

WHILE the rich as a class got richer during the 1980's, the individuals that comprise the "rich" and the "poor" changed dramatically. A recent Treasury Department study tracing the income reported by 14,351 taxpayers between 1979 and 1988 found that 53 percent of individuals in the top 1 percent in 1979 had dropped to lower rungs by 1988. This sample was restricted to individuals who filed tax returns each year, thereby understating mobility since people are always dropping out or coming into the system.

Of those in the bottom quintile, the Treasury study found 85.8 percent had climbed to a higher quintile by 1988. Only 14.2 percent remained stuck at the bottom while 14.7 percent rose to the top quintile. In other words, a person in the bottom quintile in 1979 was more likely to be found in the top quintile than in the bottom quintile in 1988.

Unfortunately, these positive trends have been ignored by the budget office, Mr. Krugman and Mr. Clinton. They should know better. As a result, income mobility remains the "dirty little secret" of the fairness debate. It's time to get back to Reaganomics.

1979

JUNE

Su	Mo	Tu	We	Th	Fr	Sa
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

1. Carter denounces Mobil for opposing decontrol of oil prices (→ 28).

1. Nicaragua: Sandinistas open long-awaited offensive (→ 6).

2. Washington: Assassination inquiry final report backs theory of plot on JFK.

2. Warsaw: Pope John Paul II welcomed to homeland (→ 10).

3. New York: 15,000 protest at Shoreham nuclear plant; 600 arrested (→ 10/14).

3. Paris: Borg beats Victor Pecci in French Open final.

4. South Africa: President Vorster resigns (→ 1/25/80).

6. U.S. halts all DC-10 flights pending safety inquiry (→ 7/13).

6. Managua: Somoza declares state of siege (→ 17).

7. Carter approves MX missile program (→ 18).

9. Carter's approval rating hits all-time low of 30% in poll.

12. American Bryan Allen pedals plane across English Channel.

15. Malaysia to put 70,000 Vietnamese refugees back out to sea (→ 7/20).

16. Calif.: Evelyn Ashford breaks 11-second barrier in women's 100-meter dash.

17. Managua: Rebels name five to form provisional govt. (→ 23).

19. New York: Ed "Too Tall" Jones to quit football and take up boxing.

22. New York: Larry Holmes KO's Mike Weaver in 12th round to keep title.

23. Washington: OAS calls for ouster of Somoza (→ 29).

24. Lebanon: Israel bombs eight towns after blast in Tel Aviv (→ 27).

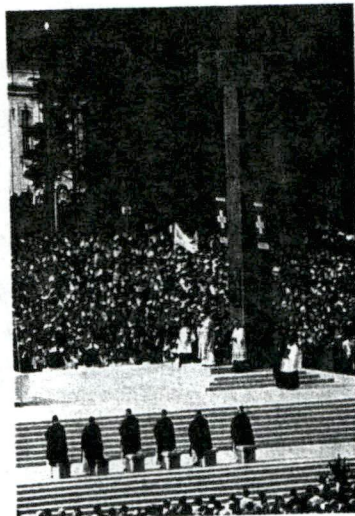
26. Newark: Ali announces retirement (→ 10/2/80).

27. U.S. Supreme Court upholds affirmative action (→ 8/9).

27. Lebanon: Israeli, Syrian planes clash first time in five years (→ 7/25).

28. Geneva: OPEC raises oil prices 16%, now up 50% in last year (→ 7/15).

Pope says mass for million in native Poland



Polish Catholics welcome the Pope.

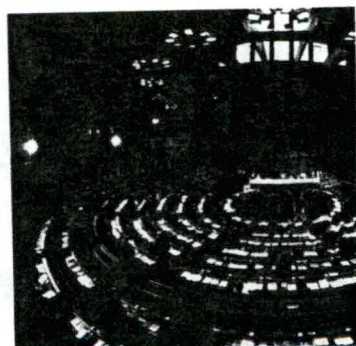
June 10. Pope John Paul II ended his unprecedented nine-day trip to his native Poland today with a mass attended by over one million people. It was the first pontifical visit ever to a Communist country, which is officially atheist.

The political tone of the pope's speeches was muted in today's sermon, in which John Paul exhorted the Polish people to be "strong with the strength which comes from faith." Today's mass commemorated Poland's patron saint, St. Stanislaus. Because the government refused to allow the pope to visit on the saint's actual anniversary, the Polish Catholic Church officially delayed the feast until the pope arrived (→ 9/29).

First elections held for Europe assembly

June 10. Socialists and Social Democrats won the largest number of seats in the first direct elections ever for a European Parliament. They each captured 25% of the vote as elections were held in nine countries. Conservative parties, Communists and liberals trailed behind. The first President of the Parliament is a woman, Simone Veil, formerly Minister of Health in France.

The actual power of the organization in the Common Market will be fairly limited, but it will consult with the Council of Europe on fairly important matters. Many voters in Europe seemed to yawn their way through these elections. In Great Britain, nearly 70% of the eligible electorate did not bother to vote. Absenteeism was 40% in France. By comparison, West Germans streamed to the voting booth.



European Parliament in Strasbourg.

Somoza states he is ready to resign

June 29. General Anastasio Somoza Debayle offered yesterday to resign as President of Nicaragua, but rebel leaders rejected the proposal today. They also accused the United States of meddling in Nicaragua's internal affairs. Somoza has insisted that the National Guard and the Liberal Party be given a role in a transitional government. But opposition groups demanded Somoza be replaced once and for all. For the past month, civil war has ripped Nicaragua in half; and Somoza's forces have been on the defensive (→ 7/16).

The Duke is dead: Star of great westerns

June 11. The Duke is dead; long live the memory of John Wayne, who starred in countless westerns and epitomized the strong, silent man. Wayne died in Los Angeles this afternoon at the age of 72. He had suffered from lung and stomach cancer, a bout well-publicized.

Marion Morrison became John Wayne when his mentor, John Ford, renamed him. He rode in B westerns until Ford cast him in the brilliant "Stagecoach" in 1939.

Conservative Wayne invested millions in "The Alamo," in which Mexicans are bad guys, Americans all good. Ironically, all three of the Duke's wives were Hispanic.

Brezhnev, Carter sign SALT II pact



East and West, a shaky love affair.

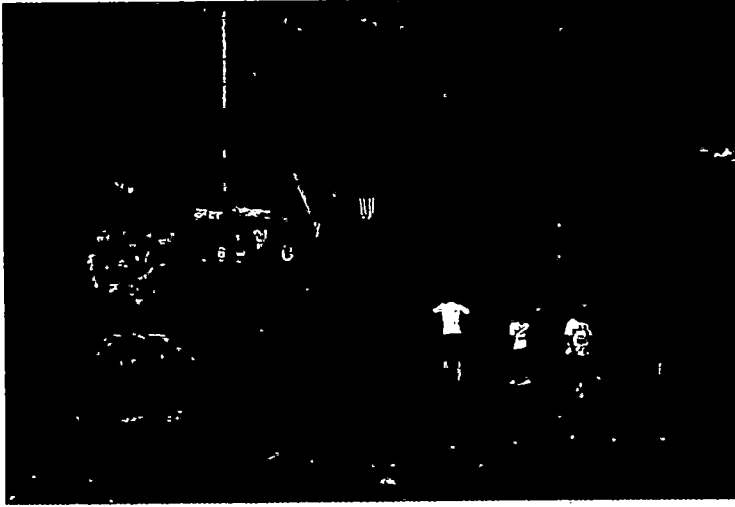
June 18. President Carter and Soviet leader Leonid Brezhnev exchanged American-style handshakes and Russian-style embraces as they signed a new arms control agreement in Vienna. Carter warned that "a nuclear arms competition without shared rules... would be an invitation to disaster."

For the first time, the United States and the Soviet Union are limited to a maximum number of long-range missiles and bombers. The pact does allow them, however, to produce an unlimited number of warheads. Both leaders pledged to improve the pact in the future. First, this accord has to overcome Senate opposition. And Brezhnev, who looked pale in Vienna, has to overcome his illness (→ 9/7).



The Duke, archetypal western hero.

Isle of Man Parliament is 1,000 years old



Millennial celebrations: Norsemen conquered the Isle of Man in the 9th century.

July 5. The Parliament of the Isle of Man has passed only 18 laws this year. It hasn't been hampered by filibusters; there simply aren't many things left to legislate after 1,000 years of operation. Queen Elizabeth II and dignitaries from several democracies attended a ceremony today marking the birthday of the oldest continuous Parliament.

Manxmen, whose island lies nearly equidistant from Scotland, Ireland and England, had arbitrarily

designated this their Parliament's millenium. It is not known exactly when a band of Vikings landed on the windswept shores and formed a ruling body they called Tynwald.

Now the Tynwald recognizes the queen as its sovereign, and some islanders petitioned her today, seeking a retention of birching or corporal punishment. The European Court of Human Rights has forbidden the practice, but 75 percent of Manxmen find it jolly good.

Algeria frees Ben Bella, held for 14 years

July 4. This was liberation day in Algeria for Ahmed Ben Bella. The hero of Algerian independence and former President was freed after 14 years of house arrest. The once

fervent nationalist is 62, and much of the country seems to have forgotten him.

Ben Bella was a key leader in Algeria's struggle to win its freedom from France. In 20 years, he rose from a sergeant in the army to president in 1963. Ben Bella drifted toward Moscow, improved ties with Peking and became a spokesman for the non-aligned countries. He continued to criticize France, but still managed to win \$200 million in aid from Paris every year.

Houari Boumedienne deposed Ben Bella in 1965 and ordered him arrested. He was too popular and too threatening. In recent years, the status of Ben Bella has been something of an embarrassment to Algeria. Yugoslavia's President Tito and Cuba's Fidel Castro have often inquired about him. Algeria's new President, Chadli Benjedid, apparently thinks Ben Bella is too old to do any harm.



Ahmed Ben Bella, led 1954 revolt.

Chrysler Corp. asks U.S. for \$1 billion

July 31. The Chrysler Corporation reported the largest quarterly loss in its history today and said it was asking the federal government for \$1 billion in cash over the next 18 months to keep the company afloat. Chrysler's Chairman, John J. Riccardo, said he was confident the government would help the company to avoid the possible loss of 250,000 jobs by its auto workers. Chrysler lost \$207 million in the latest quarter and has run out of cash, Riccardo said. The company has no recourse but to ask the government for aid, said Lee Iacocca, who was recently named President of the troubled company (→ 8/8).

Court removes bar to minors' abortions

July 2. "Please, ma, can I have an abortion?" That unlikely request need never be made, now that the Supreme Court has ruled a minor may seek an abortion without parental consent. The 8-to-1 decision shoots down a Massachusetts law requiring unmarried girls under age to get permission for an abortion from parents or a court judge. Justice Byron White gave the only dissenting vote, saying it seemed "inconceivable... that the United States Constitution forbids even notice to parents when their minor child who seeks surgery object to such notice" (→ 3/23/81).

Amnesty is granted to many Iranians

July 9. Ayatollah Khomeini, faced with growing resistance to his regime, declared a general amnesty today for Iranians who committed crimes when the Shah was in power; 3,000 political prisoners are expected to be freed. The amnesty does not cover Iranians accused or convicted of murder and torture. The ayatollah's announcement is intended to discourage further attacks against his supporters. There has been widespread dissatisfaction in Iran to the executions of 200 people since Khomeini returned (→ 23).

1979

Su	Mo	Tu	We	Th	Fr	Sa
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

1. London: Thatcher assails Nigeria's nationalization of British oil interests (→ 8/8/80).
 3. U.N. reports 2.5 mil. starving in Cambodia; relief efforts halted by rival governments (→ 1/19).
 7. Tehran: Leading newspaper closed in crackdown (→ 12/1).
 8. Detroit: Chrysler lays off 4,600 more workers (→ 12/20).
 9. Iraq: 21 officials executed for plotting revolt.
 9. Alabama: Klansmen head 30-mile 'white rights' march Selma to Montgomery (→ 10/16).
 11. India: Dam in Goudjerat bursts, killing hundreds.
 12. Tehran: Hundreds injured in riots over closing of major newspaper (→ 10/22).
 14. U.S. drops rule barring suspected homosexuals from entering country (→ 3/17/84).
 14. Britain: 18 drown in storm during yacht race.
 15. Zurich: Sebastian Coe sets record in 1,500-meters at 3:32.1.
 19. Soviet cosmonaut Lyubov and Ryomina end record 175-day space trip (→ 7/18/80).
 20. Florida: Diana Nyad swims 60 miles from Bahamas to U.S.
 21. Iran executes 18 Kurdish rebels (→ 9/2).
 21. Nicaragua: Sandinistas ban capital punishment, restore human rights laws (→ 10/17).
 21. New York: Two men steal \$2 mil. from Brink's truck.
 22. Puerto Rico: U.S. basketball coach Bobby Knight given six months for assaulting policeman.
 24. Washington: Carter aide Hamilton Jordan denies taking cocaine at Studio 54 (→ 9/26).
 27. Ireland: Lord Mountbatten killed by IRA bomb on fishing boat (→ 30).
 30. New York: 11 banks robbed in one day placing total for month at 137.
- DEATHS**
2. Thurman Munson, N.Y. Yankee catcher (*6/7/1947).
 21. James Farrell, American realist writer (*2/27/1904).



est, a shaky love affair.

President Carter and Leonid Brezhnev exchanged American-style handshakes. Brezhnev embraced Carter in Vienna. Carter "a nuclear arms competition to disaster." For the first time, the United States and the Soviet Union are at a maximum number of missiles and bombers. They allow them, however, an unlimited number of both leaders pledged to a pact in the future. The record has to overcome opposition. And Brezhnev, pale in Vienna, has to his illness (→ 9/7).

It westerns



chetyral western hero.

5. Iran nationalizes most remaining heavy industry (→ 9).

7. Wimbledon: Borg over Roscoe Tanner 6-7, 6-1, 3-6, 6-3, 6-4; Navratilova over Evert Lloyd 6-4, 6-4.

11. Australia: Skylab, destroyed by re-entry, sinks in ocean off coast (→ 8/19).

12. Spain: 71 killed, 47 hurt in hotel fire.

12. New York: Mob boss Carmine Galante slain.

13. U.S.: FAA ends grounding of DC-10's.

15. Ankara: PLO gunmen end siege at Egyptian Embassy; release nine hostages.

16. Managua: Somoza retires 100 senior officers (→ 17).

17. Carter's Cabinet and all members of senior staff offer resignations (→ 19).

17. Oslo: Sebastian Coe sets mile record at 3:49.0.

17. Nicaragua: Somoza overthrown; exiled to U.S. (→ 25).

19. Portugal gets first woman president, Maria de Lourdes Pintassilgo (→ 4/25/83).

20. Geneva: Vietnam urges U.S. to accept more refugees as talks open (→ 21).

21. Geneva: Vietnam to try to halt exodus of refugees (→ 28).

22. Bernard Hinault wins Tour de France second time.

23. Iran: Khomeini bans broadcast music, charging it corrupts youth (→ 8/7).

25. Israel turns over another part of Sinai to Egypt (→ 9/24).

28. U.S. to double quota for Indochinese refugees (→ 11/24).

29. Madrid: Bombs at airport and rail stations kill four, injure 113; claimed by Basques (→ 10/25).

DEATHS

10. Arthur Fiedler, conductor of Boston Pops (*12/17/1894).

22. "Two Ton" Tony Galento, heavyweight boxer, knocked down Joe Louis (*3/12/1910).

Somoza, whose family has ruled Nicaragua since 1933, was to be succeeded in power by a five-man junta controlled by the Sandinistas.

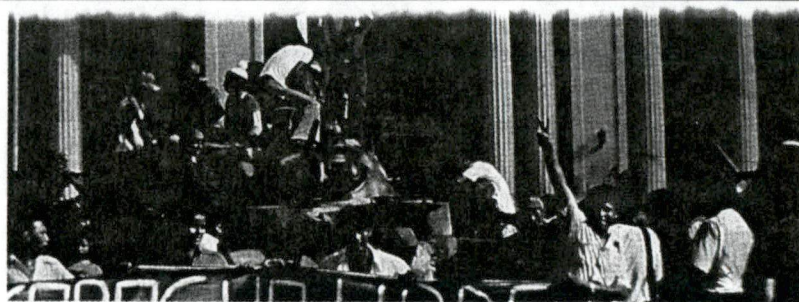
A momentary hitch developed in the plan when Francisco Uryco Malianos, the President of the Chamber of Deputies who was to serve as a transitional President, at first declined to surrender power to the junta.

Somoza, who said he had been driven from power by a Communist conspiracy, left behind a nation devastated by civil war with fighting continuing in several regions of the country. Several thousand persons were believed to have been killed in the fighting in the past two months and 500,000 persons—one fifth of the country's population—have been displaced from their homes.

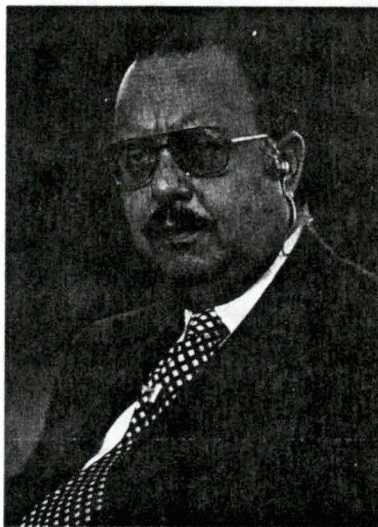
Within days after the revolutionary junta had taken power, fissures began developing in the unusual coalition of conservative businessmen and Marxist rebels that had opposed the authoritarian Somoza regime. A business group expressed concern that the new government would not fulfill its pledge to encourage private enterprise (→ 8/21).

Limit proposed on oil imports by U.S.

July 15. President Carter tonight proposed a six-point package of energy measures, including a limit on oil imports, designed to save 4.5 billion gallons of oil a day by 1990. His televised speech was a response to a 50 percent price increase over the past year by the Organization of Petroleum Exporting Countries. Carter assailed what he called a "crisis of confidence" among Americans as he announced "the most massive peacetime commitment of funds and resources in our nation's history" to reduce American dependence on foreign oil (→ 11/26).



Jubilant Sandinistas hoist their flag over a government building in Managua.



Somoza, last in 46-year-old dynasty.



Rebel wrecks remnant of regime.

Major shifts made in Carter Cabinet

July 19. A dramatic reshuffling of his Cabinet was announced today by President Carter in Washington. Joseph A. Califano Jr. was forced out as Secretary of Health, Education and Welfare, to be succeeded by Patricia Roberts Harris, now the Secretary of Housing and Urban Development. Treasury Secretary W. Michael Blumenthal resigned, to be replaced by G. William Miller, Chairman of the Federal Reserve Board. And Attorney General Griffin B. Bell resigned. His replacement will be Benjamin R. Civiletti (→ 8/3).

Marcuse, father of New Left, is dead

July 29. Marxist philosopher Herbert Marcuse has died at age 81. The German-American college professor was embraced by 60's radicals for his opposition to the "repressive monolith," American society. He advocated the use of violence, but only as "counterviolence" to an oppressive, non-negotiating force. Many scholars scoffed at his prescriptions for a revolution led by a coalition of urban blacks, radical students and white intellectuals, but few could deny his brilliance. "One Dimensional Man" and "Eros and Civilization" are his best works. ▶