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**OA/ID Number:** 13482  
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**Folder Title:**  
Talking Points--Economy, 4/17/89

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Stack:	Row:	Section:	Shelf:	Position:
<b>G</b>	<b>25</b>	<b>6</b>	<b>2</b>	<b>2</b>

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# WHITE HOUSE STAFFING MEMORANDUM

DATE: 04/14/89 ACTION/CONCURRENCE/COMMENT DUE BY: NOON Monday 04/17

SUBJECT: TALKING POINTS ON THE ECONOMY

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	STUDDERT	<input type="checkbox"/>	<input type="checkbox"/>
BATES	<input checked="" type="checkbox"/>	<input type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
BREEDEN	<input type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CICCONI	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PINKERTON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOSKIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HAGIN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

Please provide any comments/recommendations directly to Chriss Winston (X2930, Rm. 122) by Noon on Monday 04/17, with an info copy to my office. Thanks.

**RESPONSE:**

James W. Cicconi  
 Assistant to the President  
 and Deputy to the Chief of Staff  
 Ext. 2702

TALKING POINTS ON THE ECONOMY

NOV 15 11 6 10

I. Sustained Long-Run Growth Is Our Central Economic Objective

- o Sustained growth is necessary to:
  - Foster continued growth in real family income
  - Provide job opportunities to a growing population.
- o The current expansion provides evidence of the benefits of sustained growth.
  - March marked the 76th month of the current economic expansion.
  - Nearly 20 million new jobs have been created in that time. This far surpasses both the total number of jobs created and the average pace of job creation in the 76 months following the start of previous expansions. (See Chart 1.)
  - Per capita personal income, after taxes and inflation, has risen 17 percent in that time.
  - The unemployment rate has fallen to 4.9 percent, the lowest since December, 1973.
- o Sustained growth can continue if sensible policies are followed:
  - Achieving further Federal deficit reduction by controlling the growth of Federal spending will increase the capital available to finance business and housing.
  - Promoting free and fair trade with other nations to maximize economic progress both at home and abroad.
  - Supporting monetary policy that predictably controls inflation and provides a stable environment for making productive business decisions.
  - Promoting flexible and dynamic markets at home to foster the kind of business environment that is necessary to compete in rapidly changing world markets.
- o The experience of the past two decades makes clear that promoting long-run growth, rather than following short-run, stop-go policies that are aimed at fine-tuning the economy, is the best path to prosperity.

## II. Record Setting Peacetime Employment is a Major Achievement

- o The unemployment rate for blacks hasn't been lower since September 1974; this year for women it's lower than at any time since January 1970; and for Hispanics it's the lowest since separate record keeping began in March 1973.
- o A higher percentage of the adult population is working than at any other time in our history.
- o The U.S. has a lower unemployment rate than any of the major industrial nations of Europe. (See Chart 2.)
- o During this decade, America has created more new jobs than Japan and all of the nations of Europe combined.

## III. Income Continues to Set New Records

- o Real income of the median family -- the family exactly in the middle of the income distribution -- set a new record in 1987 and continues to grow.
- o In 1987 there were 2.8 million fewer people in poverty than in the first year of the expansion even though the country added over 9 million people over that period. (1987 is the last year for which data on poverty are available.)
- o The typical American now has \$1,700 more spending power, after inflation, than in 1982. For a four-person family, real median income has risen \$3,700 from 1982 to 1987.
- o Low-income Americans have also benefitted. For example, families in the lowest fifth of the income distribution saw their average real income rise 11.0 percent between 1982 and 1987.

## IV. Sensible Policies with a Long-Term Focus are the Key to Continued Success.

- o Deficit reduction is needed so that more of America's capital can go into business investment and provide for further productivity growth.
  - The President proposed a 4-year deficit reduction plan on February 9 that will produce a balanced budget by 1993.
  - The Administration and the Congressional leadership have agreed on the first step in this process -- a budget plan for fiscal year 1990 which achieves the Gramm-Rudman-Hollings deficit target.

- Over that period, the government will take in an additional \$300 billion in new revenue without any new taxes. The \$300 billion is the product of our current tax system and sustained economic growth.
  - The President proposes limiting new spending increases to \$135 billion over the same period.
  - The remaining \$165 billion of new revenue is used to eliminate the deficit.
- o American industry can compete successfully with the rest of the world without government protection.
- During this expansion American industrial output has grown 33 percent, faster than the 26 percent growth of our overall economy. We are REindustrializing, not DEindustrializing.
  - By contrast, the industrial output in Europe has only grown 16 percent. Our industrial output has grown more than twice as fast as Europe's.
  - Even Japan has seen only a 31 percent expansion in industrial output. Our industries have actually outperformed the Japanese during this expansion. (See Chart 3.)
- o We must keep a lid on inflation and gradually move toward price stability.
- We have had 7 straight years of consumer price inflation under 5 percent. (See Chart 4.)
  - The Administration supports the Federal Reserve's efforts to restrain inflation while maintaining real economic growth.
  - The Administration and the Fed share the goal of ultimately achieving price stability -- zero inflation.
  - Monetary policies are already in place, and have been for some time, which will work to restrain and ultimately reduce our rate of inflation.
  - Stable and predictable monetary policies help reduce the uncertainty in credit markets and, therefore, the volatility and level of interest rates.

# Job Growth

From Start of Expansion

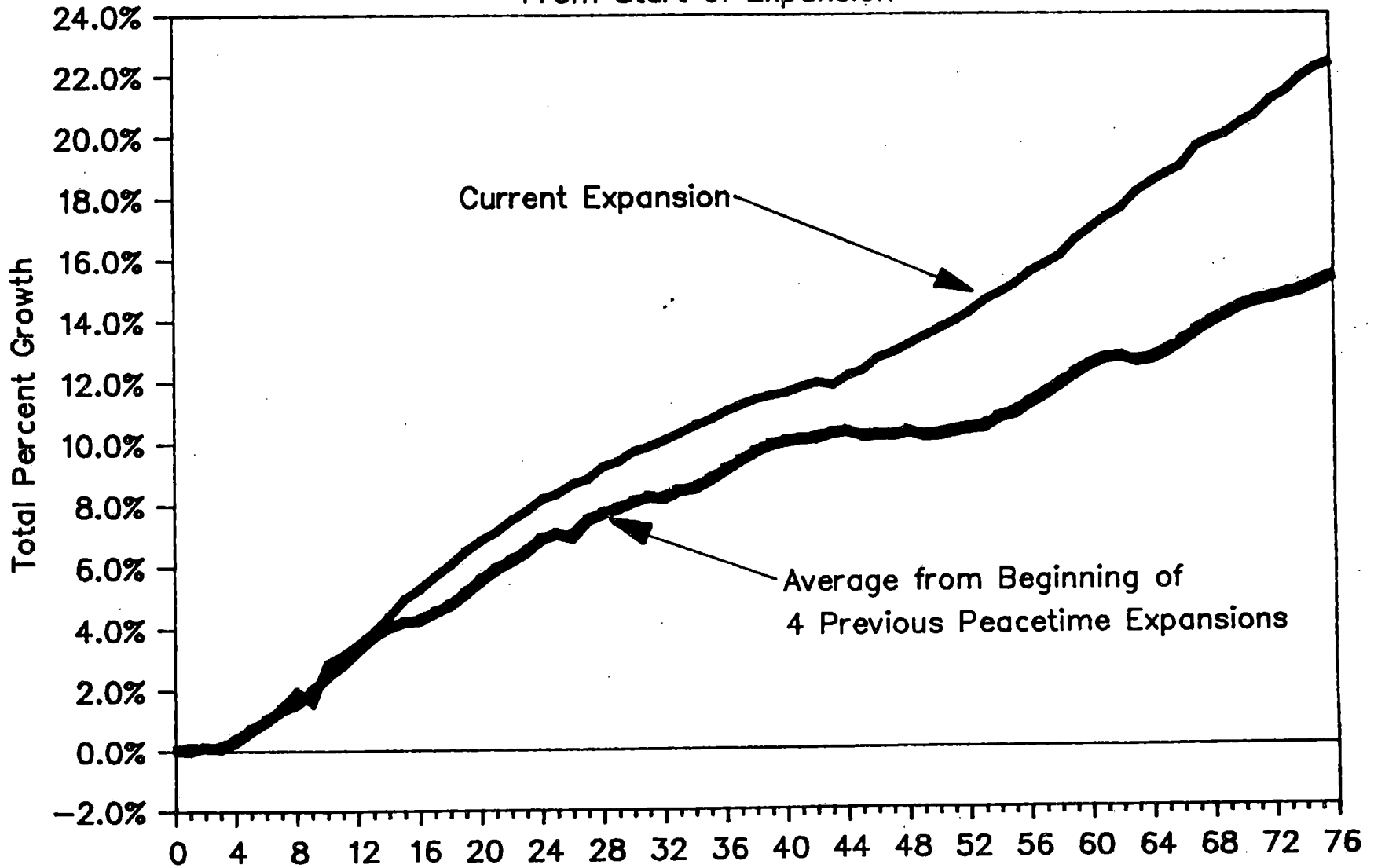


CHART 2

# UNEMPLOYMENT RATE: U.S. vs. EUROPE

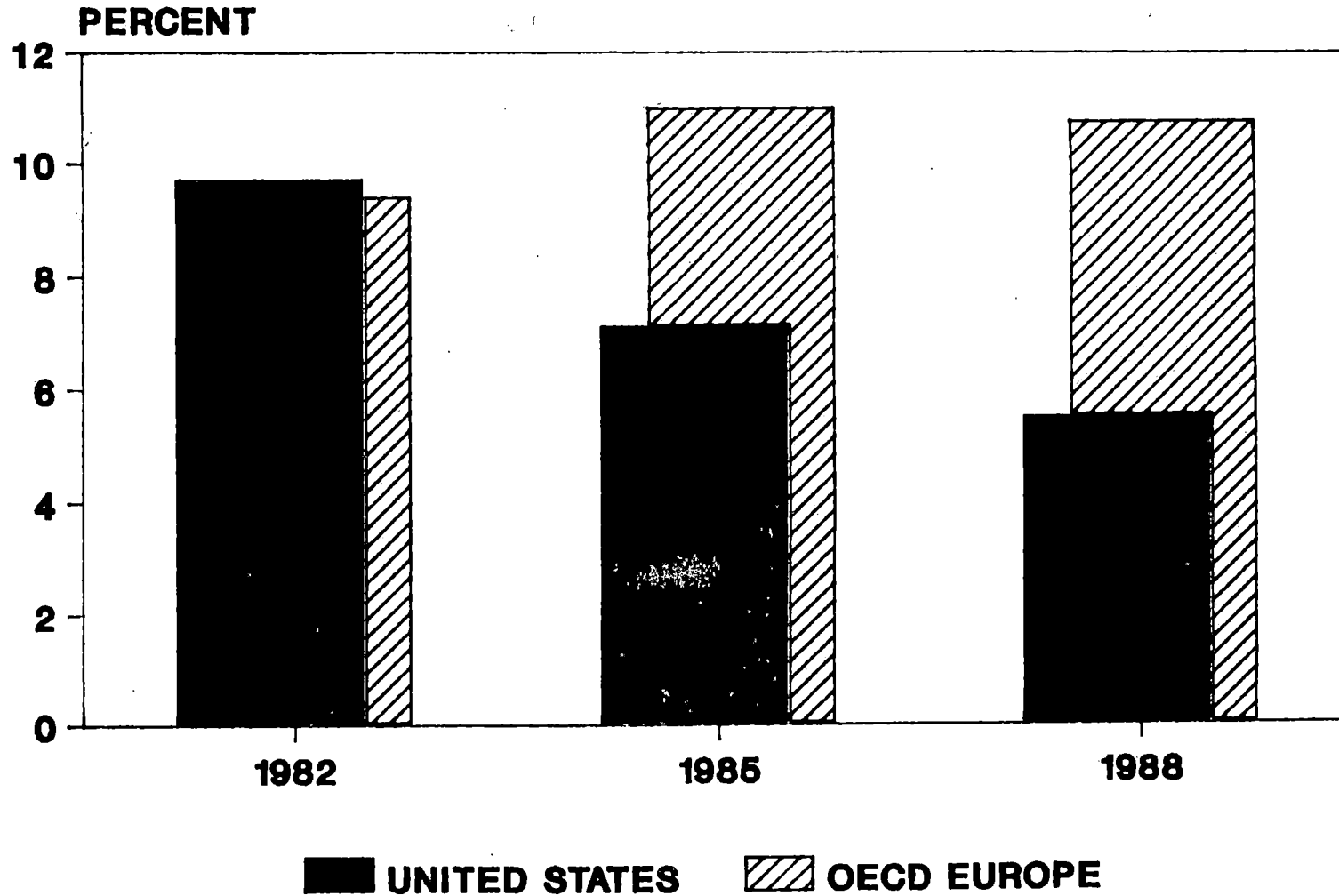


CHART 3

# INDUSTRIAL PRODUCTION

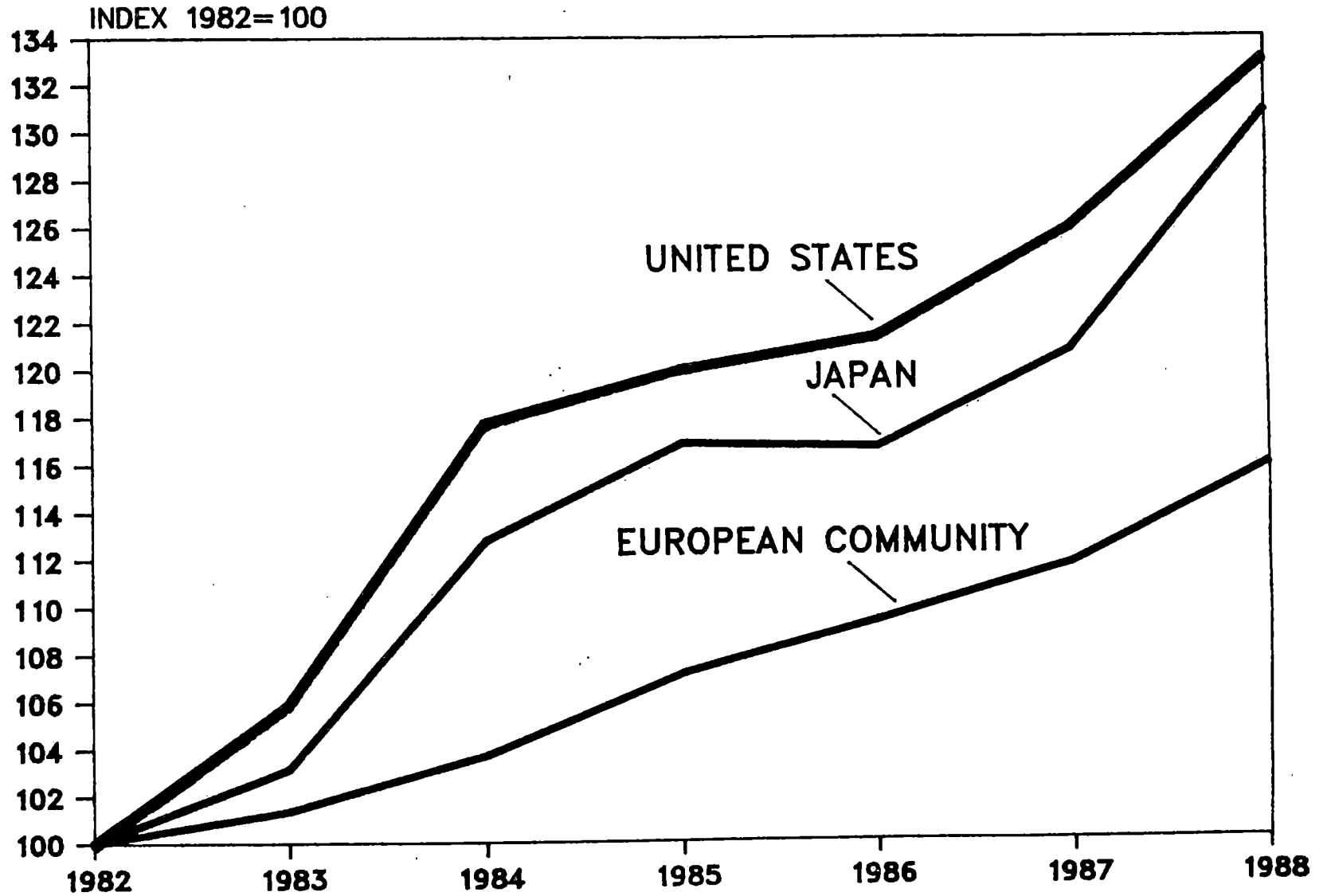


CHART 4

# CONSUMER PRICE INDEX

