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Series: Speech File Draft Files
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Folder Title:
U.S. Chamber of Commerce, 5/1/89 [2]

Stack:	Row:	Section:	Shelf:	Position:
G	26	15	7	1

THE WHITE HOUSE
WASHINGTON

103 APR 26 PM 3:01
April 26, 1989

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: DANIEL MCGROARTY *DM*

THROUGH: CHRISS WINSTON *W*

SUBJECT: CHAMBER OF COMMERCE SPEECH

THE PRESIDENT HAS SEEN

4/30/89

I. SUMMARY

The attached draft has been prepared for your address to the U.S. Chamber of Commerce annual convention, 10:15 a.m., May 1, 1989, in Constitution Hall. The audience will be approximately 2000 business owners and executives.

II. DISCUSSION

The Chamber of Commerce provides the perfect platform for a discussion of urgent economic concerns, and our plans for sustaining growth. The speech highlights the budget agreement, states the case for a cut in the capital gains tax, and lays out your positions on the minimum wage, S&L reform, and international trade.

McGroarty/Simon
April 26, 1989
7:45 pm

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE
CONSTITUTION HALL
MAY 1, 1989
10:15 a.m.

[Introductory remarks.... Acknowledgements of outgoing
Chmn. Bill Kanaga, incoming Chmn. John Clendenin, Pres. Dick
Leshner....]

I want to thank the Chamber of Commerce for providing me a
chance to deliver a May Day message, American-style. On May Day,
I always think about that celebration in the Soviet Union. All
those red banners.... The big military parade.... Even the
Economic Planning Ministry had a unit in the parade -- two
hundred economists marching along yelling, "Mayday! Mayday!"

Today, that is beginning to change. Even the socialist
world is beginning to see that socialism isn't just another
economic system -- it's the death of economics. There's a new
breeze blowing -- nations the world over are coming to recognize
that free enterprise is the wave of the future. That's a
promising forecast for prosperity -- and for world peace.

In the United States, the single most significant economic
indicator of this decade is up one, as of today: we have enjoyed
77 full months of the longest peacetime economic expansion in
American history.

Without a doubt, this long-running economic expansion has
been good for American business, and for the American worker. In

the past 77 months, we've added nearly twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down 25%, while jobs paying \$10 or more dollars an hour have increased by 95%. Unemployment is at its lowest point in the past 15 years.

During this economic expansion, America's industrial output is up 40% -- overall growth, up 29%. For those with an eye on the international competition, that's more than double Europe's industrial output, and slightly higher than Japan's.

And the expansion has been just as good to the average American family. Per capita personal income is up 19% -- and that's take home "after tax" pay, adjusted for inflation. Real median family income has reached a new high.

That's quite an economic success story. Our challenge now is to keep it going. We can -- and we will.

We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their 78th straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

I've been a small businessman myself, starting out with an idea, and building it into a business. I know the risks -- and the rewards: the payoff in pride when you succeed....

Actually, not that much has changed: ~~I've still got something in common with a lot of small businessmen in America.~~ I also work out of my house....

Entrepreneurs know this simple truth: nothing wagered, nothing won. That's why I want a government that prompts entrepreneurs to take risks -- not a government that forces them to take refuge.

That doesn't mean government's only job is simply to stand back and step out of the way. There's plenty for the government to do, to make sure commerce is free and fair, and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit.

We've made a good start. The budget agreement Congress and my Administration concluded two weeks ago will keep the federal deficit below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and accelerate the funding of several high-priority programs.

Our agreement set
to our trading partner
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One word more about the budget agreement for 1990. We've
agreed to \$5.3 billion dollars in "new revenues" as part of the
deal. You're going to hear a lot about those "new revenues" in
the months ahead -- so let me say my piece now.

First of all, let me assure you: "new revenues" isn't a
code word for new taxes. I've given my word many times, and I'll
give it again today: no new taxes means just that.

And I'll make it so clear that even the duck hunters among
us will understand: we won't raise taxes with word games. We
all know a tax when we see one -- and you won't see any in the
agreement I've signed onto.

I have news for the castor-oil club -- the gang that's
trying hard to get us to swallow new taxes. That's bad medicine
for the economy. The deficit exists because we over-spend -- not
because we're under-taxed.

I could be wrong, but I don't think there's a person in this
room ready to stand up and say they're undertaxed.

J.S.

Let me tell you what my favorite source of new revenue is. We don't have to raise tax rates -- we have to release the energies of free enterprise.

In a growing economy, tax revenues will take care of themselves. In fiscal 1990 alone -- thanks to expanding economic activity -- the Treasury will take in more than \$80 billion dollars in increased revenues, not through higher taxes, but under the existing tax structure.

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

That's why I've called on Congress to restore the capital gains differential. In 1990 alone, this step would bring an extra \$4.8 billion dollars into the federal treasury -- and that doesn't count increased economic activity spurred by a lower tax rate. That \$4.8 billion is the lion's share of the \$5.3 billion we need in the way of "new revenues" under our budget agreement -- and my estimate is on the conservative side.

Let's take a look at what our competitors are doing. Canada's maximum capital gains tax rate is about half the U.S. rate. The same is true for Sweden and France. Japan's rate? ...A scant 5%. West Germany exempts all long-term capital gains from any tax whatever -- and among the newly industrialized economies of the Pacific rim, Singapore, Hong Kong and South Korea have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one, but there are several other economic issues I want to discuss here today.

First, a pressing problem with important consequences for our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we sent to Congress a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed an S&L package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to reform the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for the Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the current \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show a 10% increase in the minimum wage will cost America between one hundred and two hundred thousand jobs for those who need them most.

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip instead? An irresponsible increase in jobs, as employers cut back to compensate \$4.25 is as far as I can go -- it's my

We must guard against conferring a mandate, and leaving employers to cope with your concern about legislative efforts on parental leave. I also believe that choice made by parents -- not government -- and Commerce supports the concept of choice.

There are some child care initiatives up on Capitol Hill -- well-intended initiatives -- that would increase government intervention, and crowd out parental choice. The child care tax credit initiatives I've proposed preserve choice -- letting parents decide whether to place their child in the care of a relative, in a church-run center, or in a public day care facility. Let's let parents decide what's right for themselves.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

also cite
determination
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expensive

We are determined to hold the line on spending and the ABC bill - simply put - is too expensive not only misguided but too expensive.

The global economy is a fact of life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing an open and fair world trading system -- because fair trade provides opportunities for America's competitiveness to come to the fore.

We have the ingenuity to be preeminent and the drive to succeed. Entrepreneurs like you are our ace in the hole.

Our challenge is to make the most of this competitive edge. That's why we will work vigorously to break down barriers abroad, while keeping markets open here at home.

If any country -- including the United States -- is fooled into thinking that a closed market can be a prosperous one, they're wrong. Closed markets mean closed doors to opportunity - and that means less prosperity. [pause]

The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest expansion in American history, and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.

THE WHITE HOUSE

WASHINGTON

April 26, 1989

MEMORANDUM TO CHRISS WINSTON

FROM: ROGER PORTER *RBP*
BILL ROPER *BR*
JIM PINKERTON *JP*

SUBJECT: U.S. Chamber of Commerce Draft Speech

We think this is a very strong statement of the President's economic principles. There are some good lines, such as "castor oil club."

1,3,3 We suggest adding one of the President's trademark lines to this sentence: "Nations the world over are coming to recognize that free enterprise is the wave of the future -- part of what I call the New Breeze that is sweeping the world."
[emphasis added]

2,2,1 The first quarter GNP figures which came out today might be worth mentioning here.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/25/89 ACTION/CONCURRENCE/COMMENT DUE BY: 4/26/89 c.o.b.

SUBJECT: PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	MCCLURE	☒	☐
SUNUNU	☐	☒	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☒	☐
DARMAN	☒	☐	STUDDERT	☒	☐
BATES	☒	☐	UNTERMAYER	☐	☐
BREEDEN	☒	☐	ROGERS	☐	☒
CARD	☐	☒	WINSTON	☐	☒
CICCONI	☐	☒	PINKERTON	☒	☐
DEMAREST	☒	☐	BOSKIN	☒	☐
FITZWATER	☐	☒		☐	☐
GRAY	☒	☐		☐	☐
HAGIN	☐	☐		☐	☐

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than c.o.b. Wednesday, April 26, 1989, with an info copy to my office. Thank you.

RESPONSE:

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

McGroarty/Simon
April 25, 1989
6:45 pm
Draft 3

1030 APR 25 PM 7:1

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE
WASHINGTON, D.C.
MAY 1, 1989

[Introductory remarks.... Acknowledgements of outgoing
Chmn. Bill Kanagka, incoming Chmn. John Clendenin, Pres. Dick
Leshner....]

I want to thank the Chamber of Commerce for providing me a
chance to deliver a May Day message, American-style. On May Day,
I always think about that celebration in the Soviet Union. All
those red banners.... The big military parade.... Even the
Economic Planning Ministry had a unit in the parade -- two
hundred economists marching along yelling, "Mayday! Mayday!"

Today, that is beginning to change. Even the socialist
world is beginning to see that socialism isn't just another
economic system -- it's the death of economics. Nations the
world over are coming to recognize that free enterprise is the
wave of the future. *part of what I call the New Bridge that is sweeping the world.*
That's a promising forecast for prosperity -
- and for world peace.

In the United States, the single most significant economic
indicator of this decade is up one, as of today: today begins
the 77th month of uninterrupted economic growth in the American
economy. *[Mention GNP growth to business]
#2 million jobs.]*

Without a doubt, this long-running economic expansion has
been good for American business, and for the American worker. In

those 77 months, we've added over twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down 30%, while jobs paying \$10 or more dollars an hour have increased by 80%. Unemployment is at its lowest point in the past 15 years.

In those 77 months, America's industrial output is up 33% -- overall growth, up 26%. *First quarter growth this year was -- %* For those with an eye on the international competition, that's a more rapid rate of growth than Japan reports for that same period, and it's double that of Europe.

And the expansion has been just as good to the average American family. Per capita personal income is up 17% -- and that's take home "after tax" pay, adjusted for inflation. In 1987, median family income reached a new high -- and it's continued to climb since then.

That's quite an economic success story. Our challenge now is to keep it going. We can -- and we will.

We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their 76th straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

I've been a small businessman myself, starting out with an idea, and building it into a business. I know the risks -- and the rewards: the payoff in pride when you succeed....

Actually, not that much has changed: I've still got something in common with a lot of small businessmen in America. I also work out of my house....

Entrepreneurs know this simple truth: nothing wagered, nothing won. That's why I want a government that prompts entrepreneurs to take risks -- not a government that forces them to take refuge.

That doesn't mean government's only job is simply to stand back and step out of the way. There's plenty for the government to do, to make sure commerce is free and fair, and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit.

We've made a good start. The budget agreement Congress and my Administration concluded two weeks ago will keep federal spending below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and accelerate the funding of several high-priority programs.

Our agreement sends a signal -- to the American people, and to our trading partners: we're serious about getting that deficit down.

And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual GNP. We've cut the deficit in half, from a high of 5.7% of GNP in 1986, to a projected 2.9% in 1990.

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion dollars in "new revenues" as part of the deal. You're going to hear a lot about those "new revenues" in the months ahead -- so let me say my piece now.

First of all, let me assure you: "new revenues" isn't a code word for new taxes. I've given my word many times, and I'll give it again today: no new taxes means just that.

And I'll make it so clear that even the duck hunters among us will understand: we won't raise taxes with word games. We all know a tax when we see one -- and you won't see any in the agreement I've signed onto.

I have news for the castor-oil club -- the gang that's trying hard to get us to swallow new taxes. That's bad medicine for the economy. The deficit exists because we over-spend -- not because we're under-taxed.

Let me tell you what my favorite source of new revenue is. We don't have to raise tax rates -- we have to release the energies of free enterprise.

great stuff

In a growing economy, tax revenues will take care of themselves. In 1990 alone -- thanks to expanding economic activity -- the Treasury will take in \$80 billion dollars in increased revenues, not through higher taxes, but under the existing tax structure.

That's why I've called on Congress to cut the capital gains tax. In 1990 alone, increased economic activity spurred by a cut in capital gains would bring an extra \$4.8 billion dollars into the federal treasury. That's the lion's share of the \$5.3 billion dollars we need in the way of "new revenues" under our budget agreement -- and my estimate is on the conservative side.

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

Let's take a look at what our competitors are doing. Canada taxes capital gains at about half the rate that we do. So do Sweden and France. Japan's rate? ...A scant 5%. West Germany exempts all long-term capital gains from any tax whatever -- and among the newly industrialized economies of the Pacific rim, five out of six have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one,

but there are several other economic issues I want to discuss here today.

First, a pressing problem ~~with~~ important to our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we sent to Congress a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed my package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to repair the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the old \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show a 10% increase in the minimum wage will result in a loss of one hundred to two hundred thousand jobs.

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip

instead? An irresponsible increase in the minimum wage will cost jobs, as employers cut back to compensate for increased costs. \$4.25 is as far as I can go -- it's my first and final offer.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

The global economy is a fundamental fact of economic life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing a truly free world trading system -- and we can't have free trade without fair trade.

This is no time to wall off the American economy, in hopes of securing U.S. companies against foreign competition. It is high time to work with our trade partners to lower the barriers to free and fair trade, for the benefit of all alike.

You have my word that the United States government will seek with added energy to open up foreign markets now closed to U.S. exports. Protectionism runs dead against a global trend towards more open and extensive commerce between nations -- and I'm dead set against protectionism. [pause]

The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest expansion in American history, and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.

THE WHITE HOUSE
WASHINGTON

April 28, 1989

TO: Chriss Winston
FROM: Richard C. Breeden

Attached is a proposed replacement for the S&L language contained in the Chamber of Commerce speech.

Insert, p. 6 of Chamber of Commerce Speech

Another important economic issue is the stability of our financial system. Not since Franklin Roosevelt has a new President had to face the possibility of serious instability in the financial system. The difficulties of this industry, which holds over \$1.3 trillion in assets, have been building for at least two decades, and the scale of losses that were incurred is enormous.

As Vice President, I led a Task Group that looked at how to strengthen the overall financial system. In 1984 that group unanimously recommended that thrift institutions should be subjected to the same capital and accounting standards that are applied to banks, along with dozens of additional recommendations to overhaul and strengthen the supervisory system.

Less than three weeks after taking office, I sent Congress a comprehensive plan for a sweeping overhaul of the regulatory structure. This legislation requires a return to higher capital standards, serious accounting practices and tough enforcement provisions to prevent fraud, mismanagement and insider abuse.

The Senate has passed my legislation, largely intact, by an overwhelming 91-8 margin. Action in the House has also been progressing. Just last Thursday, the House Banking Committee significantly strengthened the capital standards that will be required for the future, reversing irresponsible action that had occurred in subcommittee. This issue is important. I will not accept legislation that invites a future repetition of this crisis by failing to impose adequate capital and accounting discipline, consistent with that imposed on our national banks. I also cannot agree that taxpayers should be forced to back any new growth incurred by firms that cannot or will not put their own money at risk in front of the taxpayers.

We intend to honor the national commitment to insured depositors. Their funds will be backed by the full faith and credit of the U.S. government. However, the shareholders and management of insolvent firms should not expect they will be allowed to pick the taxpayers pocket and escape to repeat their old ways. We intend to carry out the necessary reforms to clean up the market, and to make it safe and sound for the future. I also intend to see to it that those thrift executives who have violated the law and looted insured institutions will be investigated, prosecuted and put behind bars where they belong.

The enactment of this major legislation should proceed as a high priority of the Congress. Continuing losses are significant, and the financing provided in the bill is essential to any permanent resolution of the insolvent firms so that they cannot threaten the stability of the entire system. Enactment of this legislation will represent an historic reform of financial regulation, and I urge Congress to end the abusive practices of the past once and for all.

Bob Simon's changes

McGroarty/Simon
April 26, 1989
7:45 pm

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE
CONSTITUTION HALL
MAY 1, 1989
10:15 a.m.

[Introductory remarks.... Acknowledgements of outgoing
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I always think about that celebration in the Soviet Union. All
those red banners.... The big military parade.... Even the
Economic Planning Ministry had a unit in the parade -- two
hundred economists marching along yelling, "Mayday! Mayday!" ((PAUSE))

Today, that is beginning to change. Even the socialist
world is beginning to see that socialism isn't just another
economic system -- it's the death of economics. There's a new
breeze blowing -- nations the world over are coming to recognize
that free enterprise is the wave of the future. That's a
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During this economic expansion, America's industrial output is up 40% -- overall growth, up 29%. For those with an eye on the international competition, that's more than double ^{the growth in} Europe's industrial output, and ^{better} ~~slightly higher~~ than Japan's.

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And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual GNP. By the end of this fiscal year, we will have cut the deficit in half, from 6.3% of GNP in 1983, to an estimated 3.1% in 1989.

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion dollars in "new revenues" as part of the deal. You're going to hear a lot about those "new revenues" in the months ahead -- so let me say my piece now.

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Canada's maximum capital gains tax rate is about half the U.S.

rate. ~~The same is true for Sweden and France.~~ ^{How about} Japan's rate?

^{For ~~Japanese~~ entrepreneurs who built their businesses from scratch:} 1...A scant 1%. West Germany exempts all long-term capital gains

from any tax whatever -- and ~~among~~ the newly industrialized economies of the Pacific rim, Singapore, Hong Kong and South Korea have no capital gains tax at all.

Larry
Lindsey
OPD
X6402

on securities

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one, but there are several other economic issues I want to discuss here today.

First, a pressing problem with important consequences for our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we ~~sent~~^{proposed} to Congress a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed an S&L package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to reform the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for the Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the current \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show ^{that each} a 10% increase in the minimum wage will cost America between one hundred and two hundred thousand jobs for those who need them most.

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip instead? An irresponsible increase in the minimum wage will cost jobs, as employers cut back to compensate for increased costs. \$4.25 is as far as I can go -- it's my first and final offer.

We must guard against conferring benefits by government mandate, and leaving employers to cope with the costs. I share your concern about legislative efforts to mandate medical and parental leave. I also believe that choice in child care is best made by parents -- not government -- and I know the Chamber of Commerce supports the concept of choice.

There are some child care initiatives up on Capitol Hill -- well-intended initiatives -- that would increase government intervention and crowd out parental choice. The child care tax credit initiatives I've proposed preserve choice -- letting parents decide whether to place their child in the care of a relative, in a church-run center, or in a public day care facility. Let's let parents decide what's right for themselves.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

The global economy is a fact of life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing an open and fair world trading system -- because fair trade provides opportunities for America's competitiveness to come to the fore.

We have the ingenuity to be preeminent and the drive to succeed. Entrepreneurs like you are our ace in the hole.

Our challenge is to make the most of this competitive edge. That's why we will work vigorously to break down barriers abroad, while keeping markets open here at home.

If any country -- including the United States -- is fooled into thinking that a closed market can be a prosperous one, they're wrong. Closed markets mean closed doors to opportunity -
- and that means less prosperity. [pause]

The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest expansion in American history, and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.

#

April 26, 1989

MEMORANDUM FOR MICHAEL BOSKIN

FROM: CHRISS WINSTON *W*

SUBJECT: Statistics for U.S. Chamber of Commerce Speech

As we discussed, the statistics for the President's remarks to the U.S. Chamber of Commerce need to be reconciled between your office, OMB, and the "Building a Better America" fact sheet we released on April 24.

Here are the disputed figures on page 2:

	<u>Fact Sheet</u>	<u>CEA</u>	<u>OMB</u>
"America's industrial output"	42/88 33% ✓	82/88 33% ✓	(40%)
"overall growth"	26% 82/88	26% 82/88	29% 82/81
"per capital personal income" after taxes and inflation	17% 82/88 88/81	19% 82/88 87/81	"nearly 20%"

Please provide us with the correct figures as well as the sources used and appropriate back-up material.

*Allen
Kroszner
4/22*

*Jim
Simpson
4/28/89*

In general

In general

OMB does quarter/quarter

CBA does year/year for interest/comp on fact sheet

IND PRODUCTION

1982: 103.1

1982: IV 100.6

1988: 137.2 ↑ 33.1%

1989: I 141.0 ↑ 40.2%

CBA

OMB

GNP (82 \$)

1982 3166.0

1982: IV 3159.3

1988 3916.1 ↑ 26.2%

1989: I 4088.2 ↑ 29.9%

CBA

OMB

Per Capita Personal Income

82: IV 9749

88: IV 11445

89: I 11633

↑ 17.4% (Fact sheet, out dated)

↑ 19.3% (CBA)

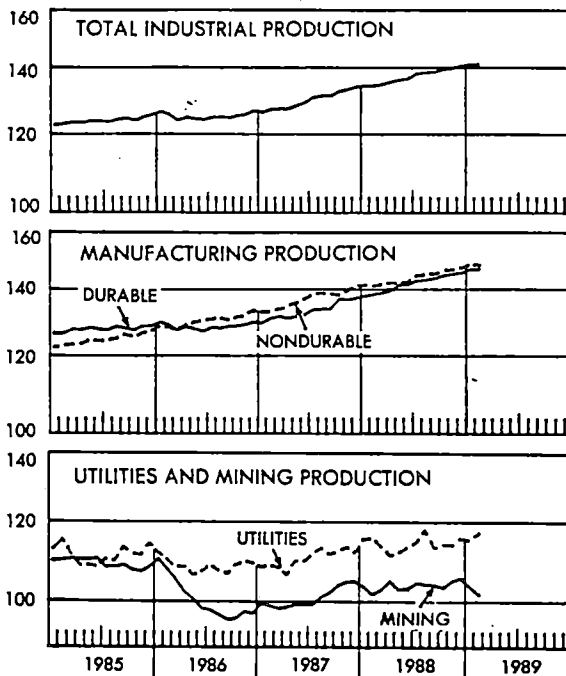
OMB did not have up to date data & approximated

PRODUCTION AND BUSINESS ACTIVITY

INDUSTRIAL PRODUCTION AND CAPACITY UTILIZATION

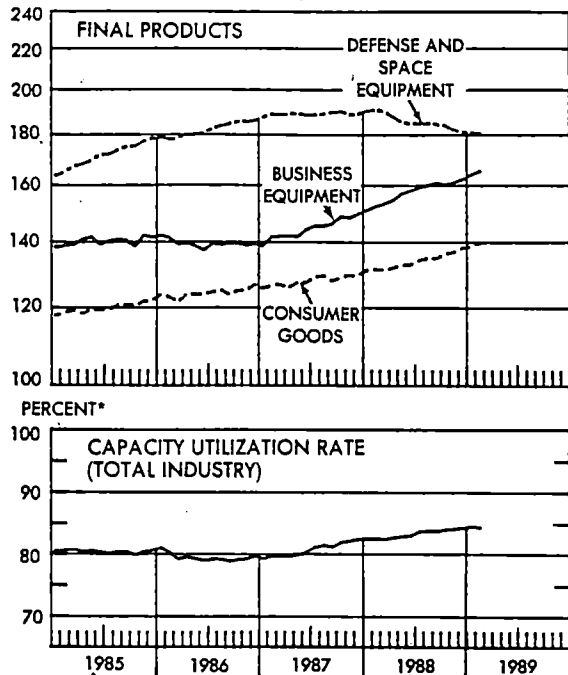
Industrial production was unchanged in February, following a 0.4 percent increase in January. The index for February was 5.0 percent above its year-earlier level.

INDEX, 1977 = 100* (RATIO SCALE)



*SEASONALLY ADJUSTED
SOURCE: BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

INDEX, 1977 = 100* (RATIO SCALE)



COUNCIL OF ECONOMIC ADVISERS

[Monthly data seasonally adjusted]

Period	Total industrial production		Industry production indexes, 1977 = 100					Capacity utilization rate, percent ¹	
	Index, 1977 = 100	Percent change from year earlier	Manufacturing			Mining	Utilities	Total industry	Manufacturing
			Total	Durable	Nondurable				
1977 proportion	100.0		84.21	49.10	35.11	9.83	5.96		
1980	108.6	-1.9	108.2	109.1	107.0	112.4	107.3	80.9	79.3
1981	111.0	2.2	110.5	111.1	109.7	117.5	107.1	79.9	78.2
1982	108.1	-7.1	102.2	99.9	105.5	109.3	104.8	72.1	70.3
1983	109.2	5.9	110.2	107.7	113.7	102.9	105.2	74.6	73.9
1984	121.4	11.2	123.4	124.2	122.3	111.1	110.7	81.0	80.5
1985	123.7	1.9	126.4	127.6	124.6	108.9	111.1	80.4	80.1
1986	125.1	1.1	129.1	128.4	130.1	100.4	108.5	79.4	79.7
1987	129.8	3.8	134.7	133.1	136.8	100.7	110.3	80.7	81.1
1988 <i>r</i>	137.2	5.7	142.7	141.9	143.9	103.5	114.3	83.3	83.6
1988: Feb	134.4	5.8	139.5	138.4	141.1	101.5	115.6	82.4	82.6
Mar	134.7	5.7	140.0	138.8	141.7	102.7	113.3	82.4	82.7
Apr	135.4	6.3	140.8	139.7	142.3	104.7	111.0	82.7	82.9
May	136.1	6.2	141.8	141.5	142.1	102.6	111.6	82.9	83.3
June	136.5	5.7	142.1	141.7	142.6	103.0	113.2	83.0	83.3
July	138.0	5.7	143.6	142.9	144.6	104.3	114.4	83.7	84.0
Aug	138.5	5.5	144.0	143.2	145.1	103.8	117.8	83.8	84.0
Sept	138.6	5.7	144.4	143.8	145.3	103.7	113.0	83.7	84.0
Oct	139.4	5.2	145.3	144.6	146.3	103.1	113.9	84.0	84.3
Nov <i>r</i>	139.9	5.1	145.8	145.2	146.7	104.7	113.7	84.1	84.4
Dec <i>r</i>	140.5	5.0	146.4	145.7	147.3	105.4	115.4	84.3	84.5
1989: Jan <i>r</i>	141.1	5.0	147.4	146.7	148.6	103.4	114.8	84.5	84.8
Feb <i>p</i>	141.1	5.0	147.4	146.9	148.2	101.5	116.9	84.3	84.6

¹ Output as percent of capacity.

Source: Board of Governors of the Federal Reserve System.

Industrial Prod Good thru 1984

A.5 Total, 1919-85
Indexes, seasonally adjusted, 1977 = 100

(Purdell 12/86)

YR	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Q1	Q2	Q3	Q4	ANNUAL
TOTAL INDEX																	
19	10.2	9.7	9.5	9.6	9.7	10.5	10.9	11.1	10.9	10.8	10.6	10.8	9.8	9.9	11.0	10.7	10.3
20	11.8	11.8	11.5	10.9	11.2	11.3	11.0	11.1	10.7	10.3	9.4	8.8	11.7	11.2	10.9	9.5	10.8
21	8.1	8.2	7.9	7.9	8.2	8.1	8.1	8.3	8.4	8.9	8.7	8.7	8.1	8.1	8.3	8.8	8.3
22	9.1	9.5	10.0	9.6	10.1	10.6	10.6	10.4	11.0	11.6	12.1	12.4	9.5	10.1	10.7	12.1	10.6
23	12.2	12.3	12.7	13.0	13.2	13.1	13.0	12.7	12.4	12.4	12.4	12.4	12.4	12.4	12.7	12.3	12.6
24	12.6	12.6	12.8	13.0	12.9	11.0	10.8	11.2	11.6	13.2	13.5	13.7	12.8	11.5	11.2	12.1	11.8
25	12.8	12.8	12.8	13.0	12.9	12.8	13.1	12.9	12.7	13.5	13.5	13.7	12.5	12.9	12.9	13.5	13.0
26	13.5	13.5	13.6	13.6	13.5	13.7	13.7	13.9	14.1	14.1	14.0	14.0	13.5	13.6	13.9	14.1	13.8
27	14.0	14.1	14.3	13.9	13.8	14.0	14.1	14.5	14.6	14.9	15.2	15.5	14.1	14.0	14.0	15.2	14.3
28	15.7	15.7	15.7	16.0	16.3	16.4	16.6	16.4	16.3	16.1	15.3	14.6	15.7	16.2	16.5	15.7	15.2
29	16.6	16.6	16.3	16.2	16.0	15.6	15.0	12.7	12.4	12.1	11.8	11.5	14.5	13.9	12.7	11.8	13.2
30	14.6	14.5	14.3	14.2	14.0	13.6	13.0	12.7	12.4	12.1	11.5	11.5	14.5	13.9	12.7	11.8	13.2
31	11.5	11.5	11.8	11.8	11.7	11.6	11.2	10.8	10.5	9.9	9.7	9.7	11.6	11.6	10.8	9.8	11.0
32	9.5	9.2	9.1	8.5	8.2	7.9	7.7	7.9	8.4	8.7	8.4	8.4	8.2	8.2	8.0	8.7	8.6
33	8.4	8.4	7.9	8.5	9.9	11.6	12.5	12.0	11.3	10.8	10.1	10.2	8.2	8.2	8.0	10.4	10.1
34	10.5	11.0	11.5	11.5	11.8	11.5	10.8	10.6	10.0	10.5	10.6	11.3	11.0	11.6	11.9	10.8	11.0
35	12.2	12.4	12.3	12.1	12.1	12.3	12.3	12.7	12.1	13.5	13.7	13.9	12.3	12.2	12.7	13.7	12.7
36	13.7	13.3	13.5	14.6	14.6	14.9	15.2	15.4	15.7	15.9	16.4	16.9	13.5	13.6	15.5	16.4	15.0
37	16.8	17.1	17.5	17.5	17.5	17.3	17.4	17.5	16.7	15.5	14.0	12.7	17.1	17.4	17.1	16.4	16.4
38	12.4	12.3	12.3	12.1	11.8	11.9	12.6	13.5	13.7	14.0	14.6	14.8	12.4	12.4	12.0	14.5	13.0
39	14.8	14.9	14.9	14.9	14.8	15.2	15.6	15.8	16.8	17.4	18.1	18.1	14.9	14.9	16.1	17.9	16.0
40	17.9	17.3	16.9	17.2	17.7	18.5	18.5	18.6	19.0	19.3	19.8	20.4	17.3	17.8	18.7	19.8	18.4
41	21.0	21.6	22.2	22.3	23.3	23.5	23.8	24.1	24.1	24.3	24.8	24.8	21.6	21.6	22.0	24.5	23.3
42	25.3	25.7	26.0	25.3	25.3	25.4	26.0	26.8	27.4	28.3	29.7	29.7	25.7	25.7	26.0	28.1	25.8
43	30.0	30.8	31.0	31.4	31.6	31.4	32.4	33.1	33.9	34.4	34.9	34.6	30.6	31.5	31.5	34.8	32.4
44	34.8	35.1	35.0	35.0	34.8	34.7	34.6	35.1	35.9	35.4	34.7	34.6	35.0	34.8	34.8	34.8	34.9
45	34.2	34.1	33.9	33.3	32.4	31.7	30.9	27.7	25.2	24.2	23.1	23.2	34.1	32.4	28.0	24.9	29.9
46	23.8	22.6	25.0	28.7	23.7	25.1	26.0	26.9	27.4	27.9	28.1	28.3	23.8	24.6	24.8	28.1	25.8
47	28.6	28.6	29.0	28.7	28.8	28.8	28.7	28.8	29.1	29.3	29.7	29.9	28.8	28.8	28.9	29.6	29.0
48	29.6	30.1	29.7	29.8	30.3	30.7	30.7	30.4	30.4	30.6	30.2	30.3	29.9	29.9	30.5	30.2	30.2
49	29.6	29.3	28.8	28.5	28.2	28.2	28.1	28.4	28.7	27.6	27.4	28.1	29.3	28.5	28.4	28.3	28.6
50	29.3	29.5	30.4	31.4	32.2	33.1	34.2	35.3	35.0	35.3	35.2	35.8	29.3	32.3	33.8	35.4	33.1
51	35.9	36.2	36.3	36.4	36.3	36.1	35.5	35.2	35.4	35.4	35.7	35.9	36.1	36.3	35.4	35.6	35.9
52	36.3	36.5	36.5	36.5	36.3	35.9	35.0	34.5	34.6	34.0	33.8	34.0	36.5	35.9	35.6	37.2	36.2
53	40.2	40.4	40.7	40.3	41.1	40.9	41.5	41.2	40.4	40.0	39.1	38.1	40.4	41.0	41.0	39.1	40.4
54	37.9	38.0	37.7	37.5	37.7	37.9	37.9	37.9	37.7	38.4	39.0	39.5	37.9	37.7	38.9	38.2	38.2
55	40.4	40.9	41.9	42.5	43.0	43.1	43.4	43.4	43.7	44.4	44.5	44.7	41.0	42.8	43.5	44.5	43.0
56	44.9	44.6	44.6	44.9	44.5	44.1	42.8	44.5	45.5	45.9	45.5	44.2	44.7	44.5	44.3	45.9	44.9
57	46.0	46.5	46.4	45.8	45.7	45.7	42.8	46.0	46.6	46.9	46.9	46.2	44.7	44.5	44.3	46.0	45.5
58	42.2	41.3	40.8	40.2	40.6	41.6	42.2	43.1	43.5	44.0	44.9	45.3	41.5	40.8	42.9	44.9	42.6
59	46.0	46.9	47.6	48.6	49.3	49.4	48.5	48.6	48.5	47.9	47.2	46.3	46.2	46.5	44.3	47.3	47.7
60	50.6	50.2	49.7	49.3	49.3	48.7	48.5	48.4	47.9	47.9	47.2	46.3	50.2	49.1	48.3	47.1	48.8
61	46.4	46.3	46.6	47.5	48.3	48.9	49.5	50.0	49.9	50.9	51.7	52.1	46.4	46.5	46.8	51.5	49.1
62	51.7	52.5	52.8	52.9	52.8	52.7	53.2	53.7	53.6	53.7	53.9	53.9	52.3	52.8	53.4	53.8	53.2
63	54.3	54.9	55.3	55.8	56.4	56.6	56.4	56.5	57.1	57.5	57.7	57.4	54.8	54.8	55.4	56.3	56.3
64	58.1	58.5	58.5	58.9	59.5	60.0	60.4	60.8	61.0	60.2	60.2	60.7	58.4	59.8	60.7	61.6	60.3
65	43.4	43.8	44.7	44.9	45.5	46.0	46.4	46.9	47.0	47.7	48.0	48.8	44.0	45.5	46.8	48.2	46.1
66	69.5	70.0	70.9	71.0	71.7	72.0	72.4	72.5	73.2	73.7	73.2	73.3	70.1	71.6	72.7	73.4	72.0
67	73.7	72.8	72.4	73.7	72.5	72.5	72.3	73.3	73.6	74.2	75.2	76.0	73.0	72.7	75.1	73.5	73.5
68	76.0	76.2	76.5	76.8	77.7	77.7	77.8	78.1	78.1	78.0	78.5	79.5	76.2	77.2	77.8	77.6	77.6
69	80.0	80.5	81.2	80.9	80.6	81.3	81.8	82.0	81.9	82.0	81.0	81.0	80.6	80.9	81.4	81.2	81.2
70	79.5	79.3	79.3	79.1	79.2	78.8	79.0	78.8	78.3	76.7	76.2	76.0	79.4	79.0	78.7	77.0	78.5
71	78.6	78.4	78.4	78.8	79.2	79.5	79.3	78.8	80.1	80.7	81.1	82.0	78.5	79.2	79.4	81.3	79.4
72	83.8	84.4	85.1	84.5	86.3	86.5	86.4	87.6	88.5	89.8	90.9	91.8	84.4	86.4	87.5	90.8	87.6
73	91.8	93.1	93.1	93.4	93.8	94.5	95.1	95.1	95.8	96.1	96.2	96.7	92.7	93.9	95.3	95.7	94.4
74	93.5	93.0	93.4	93.2	94.3	94.6	94.2	93.9	94.2	93.9	94.1	94.3	93.2	94.1	94.1	90.5	93.0
75	84.8	83.5	82.0	82.7	82.5	83.6	84.1	85.6	86.4	86.9	87.7	88.4	83.4	82.9	85.3	87.4	84.8
76	89.3	90.9	90.7	91.0	92.1	92.4	92.7	93.2	93.5	93.9	95.4	96.2	90.3	91.8	93.2	95.2	92.6
77	96.5	97.2	98.0	97.1	99.6	100.4	100.7	101.0	101.4	101.8	102.1	102.1	97.3	98.7	101.0	102.0	100.0
78	101.6	101.6	103.0	105.5	105.8	106.9	107.5	107.7	108.3	109.2	109.9	110.8	102.1	106.1	107.0	110.0	106.5
79	110.3	110.9	111.2	109.9	110.9	110.9	110.5	110.2	110.4	111.0	111.0	111.0	110.8	110.6	110.4	111.0	108.6
80	111.3	111.4	111.4	109.1	106.2	105.0	104.8	106.3	107.7	108.5	110.7	111.0	111.4	106.8	106.3	110.1	108.6
81	111.0	111.2	111.6	110.6	111.2	112.0	113.4	112.8	111.5	110.4	109.0	107.4	111.2	111.5	112.5	108.9	111.0
82	105.4	107.0	105.8	104.5	103.2	103.0	102.5	102.0	101.5	100.6	100.0	100.6	103.1	103.7	102.0	100.4	103.1
83	102.5	103.3	104.2	105.4	106.9	107.8	108.8	111.6	113.7	114.5	114.8	115.5	106.1	106.8	111.7	110.9	109.2
84	118.5	119.3	119.9	120.5	121.0	121.9	122.8	123.0	122.4	122.1	122.7	122.7	119.3	121.1	122.7	122.5	121.4
85	123.7	123.2	123.6	123.5	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4	123.4

	Seasonally adjusted at annual rates						Seasonally adjusted at annual rates					
	1987	1988	I 88	III 88	IV 88	I 89	1987	1988	I 88	III 88	IV 88	I 89
	Billions of current dollars						Billions of 1982 dollars					
Gross national product.....	4526.7	4864.3	4724.5	4909.0	4999.7	5116.8	3847.0	3996.1	3956.1	4009.4	4033.4	4088.2
Personal consumption expenditures.....	3012.1	3227.5	3128.1	3261.2	3326.4	3380.4	2521.0	2592.2	2559.8	2603.8	2626.2	2634.8
Durable goods.....	421.9	451.1	437.8	452.9	464.0	461.5	390.9	409.7	401.1	410.4	416.5	413.1
Motor vehicles and parts.....	195.8	208.6	202.2	210.2	213.2	208.2	170.4	177.7	173.5	178.7	179.6	173.5
Furniture and household equipment.....	148.3	159.0	154.7	159.5	162.3	167.8	151.0	160.8	157.3	161.0	163.0	168.9
Other.....	77.8	83.6	81.0	83.2	88.5	85.5	69.6	71.2	70.3	70.7	73.9	70.7
Nondurable goods.....	997.9	1046.9	1016.2	1060.8	1073.9	1093.7	890.5	899.6	892.7	904.5	907.4	911.8
Food.....	526.4	551.5	535.9	558.9	564.9	579.4	450.4	453.3	451.4	453.8	454.8	460.4
Clothing and shoes.....	178.2	186.4	180.5	188.4	193.6	193.3	160.5	161.1	159.6	164.2	164.1	163.9
Gasoline and oil.....	77.0	78.8	76.3	80.5	79.5	78.3	98.3	99.6	98.8	99.5	100.3	98.7
Other nondurable goods.....	216.3	230.2	223.5	233.0	235.9	242.7	181.3	185.6	183.0	187.0	188.2	188.8
Services.....	1592.3	1729.6	1674.1	1747.5	1788.5	1825.3	1239.5	1283.0	1265.9	1288.9	1302.2	1309.9
Housing.....	467.7	501.6	490.1	506.0	514.0	521.2	358.3	366.5	363.6	367.7	369.0	370.6
Household operation.....	186.3	196.7	190.9	199.7	202.7	200.7	157.0	163.5	160.4	165.9	166.4	163.6
Electricity and gas.....	88.8	93.1	90.2	94.6	96.7	93.2	79.0	82.3	80.5	83.8	84.2	80.8
Other.....	97.5	103.6	100.7	105.1	106.0	107.4	78.0	81.2	80.0	82.1	82.2	82.7
Transportation.....	106.2	117.2	111.3	118.5	122.5	126.8	89.3	93.7	91.7	94.2	96.0	95.9
Medical care.....	360.3	404.1	384.9	410.4	424.7	439.3	268.2	282.0	276.9	283.4	288.2	292.9
Other.....	471.8	510.0	497.0	512.9	524.8	537.4	366.6	377.3	373.2	377.7	382.6	387.0
Gross private domestic investment.....	712.9	766.5	763.4	772.5	772.0	815.9	674.8	721.8	728.9	726.1	717.1	751.4
Fixed investment.....	673.7	718.1	698.1	722.8	737.2	754.2	640.4	679.3	662.9	686.6	688.0	697.6
Nonresidential.....	446.8	488.4	471.5	493.7	500.6	516.5	445.1	487.5	473.4	495.0	491.4	502.8
Structures.....	139.5	142.8	140.1	143.8	145.0	149.4	125.5	125.1	124.0	125.8	125.5	127.9
Nonresidential buildings, excluding farm.....	92.6	94.2	93.3	93.5	94.4	98.7	77.1	76.4	76.1	75.7	75.8	78.4
Public utilities.....	28.4	30.3	27.7	32.1	32.5	32.9	25.7	26.6	24.6	28.1	28.2	28.3
Mining exploration, shafts, and wells.....	13.9	14.5	15.1	14.6	14.0	14.2	18.8	18.9	19.8	19.0	18.1	18.1
Other.....	4.5	3.8	4.0	3.6	4.1	3.7	3.9	3.2	3.4	3.0	3.4	3.0
Producers' durable equipment.....	307.3	345.6	331.3	349.9	355.6	367.0	319.6	362.4	349.4	369.2	365.9	374.9
Information processing and related equipment.....	101.2	111.0	107.0	112.9	112.4	114.0	139.4	162.7	155.9	167.4	162.4	165.3
Industrial equipment.....	70.6	82.9	77.2	83.8	89.3	97.1	61.4	69.0	65.2	69.9	73.0	78.3
Transportation and related equipment.....	67.8	77.5	74.2	79.0	78.1	77.3	59.1	66.7	64.9	68.0	65.7	64.9
Other.....	67.6	74.2	73.0	74.1	75.8	78.7	59.7	64.0	63.4	63.9	64.8	66.4
Residential.....	226.9	229.7	226.6	229.1	236.6	237.7	195.2	191.8	189.5	191.6	196.6	194.8
Single family structures.....	114.5	117.1	116.5	115.4	120.4	121.6	97.5	96.7	96.2	95.5	98.9	98.5
Multifamily structures.....	25.5	21.3	22.1	21.2	21.0	22.5	21.7	17.6	18.2	17.5	17.3	18.2
Other.....	87.0	91.3	87.9	92.6	95.2	93.6	76.0	77.6	75.2	78.6	80.4	78.2
Change in business inventories.....	39.2	48.4	65.3	49.7	34.7	61.8	34.4	42.5	66.0	39.5	29.1	53.8
Nonfarm.....	40.7	42.2	49.4	41.9	44.6	43.3	36.9	40.0	51.9	40.4	37.6	41.1
Manufacturing.....	6.1	10.6	15.4	6.9	13.8	7.0	5.2	9.6	15.8	5.7	11.2	6.2
Durable goods.....	4.6	9.7	9.6	8.5	13.8	13.0	4.1	8.8	8.7	8.0	12.3	11.3
Nondurable goods.....	1.5	1.0	5.8	-1.6	0.0	-6.0	1.1	0.8	7.1	-2.3	-1.1	-5.1
Wholesale trade.....	7.4	10.0	24.6	11.1	4.9	6.6	5.8	9.5	24.9	11.2	3.2	7.4
Durable goods.....	5.3	8.2	21.2	16.8	2.9	10.3	4.9	7.3	18.2	15.1	2.9	8.8
Nondurable goods.....	2.1	1.8	3.4	-5.7	2.0	-3.7	0.9	2.2	6.7	-3.9	0.3	-1.4
Retail trade.....	21.3	11.3	1.2	13.3	15.0	19.5	19.2	9.9	1.5	11.7	12.9	16.7
Automotive.....	10.6	4.9	-11.6	10.1	8.7	13.6	9.3	4.3	-10.1	8.7	7.5	11.5
Other durable goods.....	4.0	3.6	4.6	4.4	3.5	0.4	3.7	3.2	4.2	4.0	3.0	0.3
Nondurable goods.....	6.7	2.7	8.2	-1.1	2.8	5.6	6.1	2.4	7.4	-1.0	2.4	4.8
Other.....	5.9	10.3	8.2	10.7	10.8	10.2	6.7	10.9	9.7	11.8	10.3	10.9
Farm.....	-1.5	6.1	15.9	7.8	-9.8	18.5	-2.5	2.5	14.1	-0.8	-8.5	12.6

GROSS NATIONAL PRODUCT IN 1982 DOLLARS

[Billions of 1982 dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment			Exports and imports of goods and services			Government purchases of goods and services				Final sales	Gross domestic purchases	
			Nonresidential fixed	Residential fixed	Change in business inventories	Net exports	Exports	Imports	Total	Federal					State and local
										Total	National defense	Non-defense			
1980.....	3,187.1	2,000.4	379.2	137.0	-6.9	57.0	388.9	332.0	620.5	246.9	171.2	75.7	373.6	3,194.0	3,130.0
1981.....	3,248.8	2,024.2	395.2	126.5	23.9	49.4	392.7	343.4	629.7	259.6	180.3	79.3	370.1	3,225.0	3,199.0
1982.....	3,166.0	2,050.7	366.7	105.1	-24.5	26.3	361.9	335.6	641.7	272.7	193.8	78.9	369.0	3,190.5	3,139.0
1983.....	3,279.1	2,146.0	361.2	149.3	-6.4	-19.9	348.1	368.1	649.0	275.1	206.9	68.2	373.9	3,285.5	3,299.0
1984.....	3,501.4	2,249.3	425.2	170.9	62.3	-84.0	371.8	455.8	677.7	290.8	218.5	72.3	387.0	3,439.1	3,585.0
1985.....	3,618.7	2,354.8	453.5	174.4	9.1	-104.3	367.2	471.4	731.2	326.0	237.2	88.8	405.2	3,609.6	3,723.0
1986.....	3,721.7	2,455.2	433.1	195.0	15.4	-137.5	378.4	515.9	760.5	333.4	251.4	82.0	427.1	3,706.3	3,859.0
1987.....	3,847.0	2,521.0	445.1	195.2	34.4	-128.9	427.8	556.7	780.2	339.0	264.9	74.1	441.2	3,812.6	3,975.0
1988.....	3,996.1	2,592.2	487.5	191.8	42.5	-100.2	504.8	605.0	782.3	328.7	261.8	66.9	453.6	3,953.6	4,096.0
1982: IV.....	3,159.3	2,078.7	352.3	115.8	-59.3	11.7	336.0	324.3	660.1	289.5	201.4	88.2	370.6	3,218.6	3,147.0
1983: IV.....	3,365.1	2,191.9	390.4	159.9	27.0	-46.2	355.5	401.6	642.2	266.0	211.6	54.4	376.2	3,338.1	3,411.0
1984: IV.....	3,535.2	2,281.1	444.4	169.6	41.7	-94.8	376.6	471.4	693.2	300.5	225.3	75.2	392.7	3,493.5	3,630.0
1985: IV.....	3,662.4	2,386.9	460.9	179.4	7.7	-125.3	367.4	492.6	752.7	340.6	241.4	99.2	412.1	3,654.7	3,787.0
1986: IV.....	3,734.7	2,486.2	427.3	199.7	-10.5	-142.4	387.8	530.2	774.5	340.5	253.1	87.4	434.0	3,745.2	3,877.0
1987: I.....	3,776.7	2,490.2	418.2	198.4	29.8	-132.8	394.9	527.7	772.9	334.0	257.0	77.0	438.9	3,746.9	3,909.0
1987: II.....	3,823.0	2,516.6	434.8	197.6	27.8	-126.0	416.4	542.3	772.2	332.1	264.8	67.3	440.1	3,795.2	3,949.0
1987: III.....	3,865.3	2,545.2	462.8	192.1	13.0	-130.7	440.9	571.6	782.9	342.1	269.5	72.6	440.8	3,852.2	3,996.0
1987: IV.....	3,923.0	2,531.7	464.8	192.7	67.1	-126.0	459.2	585.2	792.6	347.7	268.2	79.5	444.9	3,855.9	4,049.0
1988: I.....	3,956.1	2,559.8	473.4	189.5	66.0	-109.0	486.2	595.1	776.4	327.8	264.6	63.2	448.7	3,890.1	4,065.0
1988: II.....	3,985.2	2,579.0	490.2	189.6	35.3	-92.6	496.9	589.5	783.8	331.6	263.6	67.9	452.2	3,949.9	4,077.0
1988: III.....	4,009.4	2,603.8	495.0	191.6	39.5	-93.9	514.0	607.9	773.5	320.1	256.4	63.7	453.4	3,969.9	4,103.0
1988: IV.....	4,033.4	2,626.2	491.4	196.6	29.1	-105.4	522.1	627.4	795.5	335.5	262.5	72.9	460.0	4,004.4	4,138.0

¹ GNP less exports of goods and services plus imports of goods and services.

Source: Department of Commerce, Bureau of Economic Analysis.

IMPLICIT PRICE DEFLATORS FOR GROSS NATIONAL PRODUCT

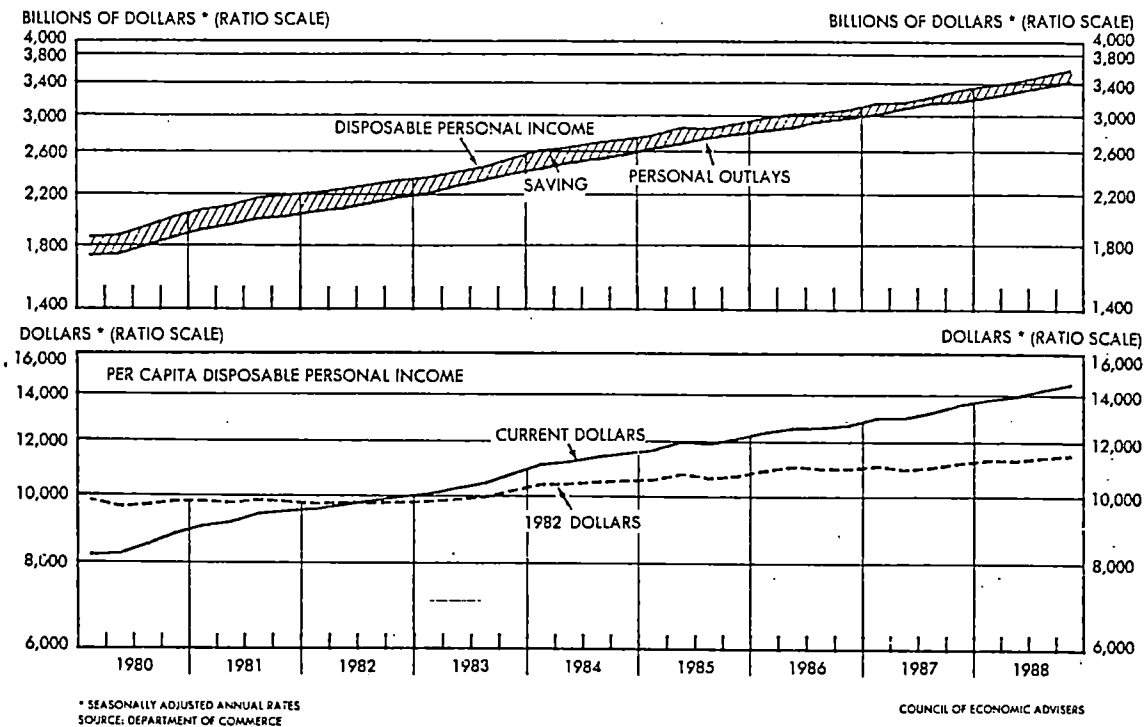
[1982=100; quarterly data are seasonally adjusted]

Period	Gross national product	Personal consumption expenditures				Gross private domestic investment		Exports and imports of goods and services		Government purchases of goods and services			
		Total	Durable goods	Nondurable goods	Services	Non-residential fixed	Residential fixed	Exports	Imports	Federal			State and local
										Total	National defense	Non-defense	
1980.....	85.7	86.6	89.2	89.4	83.9	85.1	89.4	90.2	98.0	84.3	83.4	86.4	86.2
1981.....	94.0	94.6	95.7	96.9	92.6	93.4	96.6	97.5	101.6	93.3	92.9	94.3	93.4
1982.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1983.....	103.9	104.1	102.1	102.1	108.2	98.8	102.2	101.3	97.4	103.1	103.6	101.4	104.7
1984.....	107.7	108.1	103.8	105.0	111.6	97.9	106.0	103.2	97.1	106.8	107.2	105.5	109.9
1985.....	110.9	111.6	104.8	107.5	116.8	97.7	108.3	101.0	95.2	109.0	109.2	108.2	114.9
1986.....	113.9	114.3	105.6	107.3	122.4	100.2	111.1	100.0	93.6	109.8	110.4	108.2	118.2
1987.....	117.7	119.5	107.9	112.1	128.5	100.4	116.2	100.0	99.0	112.7	111.5	117.0	123.0
1988.....	121.7	124.5	110.1	116.4	134.8	100.2	119.7	102.9	101.5	115.9	114.0	123.4	128.7
1982: IV.....	101.7	101.8	100.7	101.0	102.7	100.7	99.1	100.0	99.3	101.3	102.0	99.5	102.2
1983: IV.....	105.4	105.7	103.1	103.1	108.3	98.3	103.1	102.6	97.2	103.8	104.7	100.3	106.3
1984: IV.....	109.0	109.3	104.1	105.8	113.5	97.9	107.2	102.4	96.2	108.5	106.3	108.9	111.7
1985: IV.....	112.2	113.1	104.7	108.7	119.0	97.9	109.0	100.5	95.9	110.6	111.3	108.8	116.5
1986: IV.....	115.3	115.7	106.2	107.8	124.6	101.6	112.4	99.3	94.2	107.7	109.9	101.5	119.7
1987: I.....	116.3	117.3	106.7	109.8	126.1	101.1	113.4	100.1	97.5	111.6	111.8	110.9	121.0
1987: II.....	117.3	118.9	107.5	111.9	127.6	100.8	115.2	100.1	99.4	113.7	111.3	122.9	122.3
1987: III.....	118.2	120.2	108.6	112.9	129.1	99.9	117.7	99.9	98.9	112.9	111.3	119.0	123.9
1987: IV.....	118.9	121.5	108.9	113.7	131.0	99.8	118.7	100.1	100.0	112.6	111.6	116.0	124.9
1988: I.....	119.4	122.2	109.1	113.8	132.2	99.6	119.5	100.3	100.8	115.2	112.8	125.5	126.5
1988: II.....	121.0	123.9	109.6	116.0	134.0	99.5	119.5	102.1	101.4	115.3	113.4	122.7	128.1
1988: III.....	122.4	125.2	110.4	117.3	135.6	99.7	119.6	104.3	101.3	114.9	114.8	115.2	129.6
1988: IV.....	124.0	126.7	111.4	118.3	137.3	101.9	120.4	105.0	102.6	118.1	115.0	129.3	130.7

Source: Department of Commerce, Bureau of Economic Analysis.

DISPOSITION OF PERSONAL INCOME

Real per capita disposable personal income rose in the fourth quarter of 1988.



* SEASONALLY ADJUSTED ANNUAL RATES
SOURCE: DEPARTMENT OF COMMERCE

COUNCIL OF ECONOMIC ADVISERS

Period	Personal income	Less: Personal tax and nontax payments	Equals: Disposable personal income	Less: Personal outlays ¹	Equals: Personal saving	Disposable personal income in 1982 dollars (billions)	Per capita disposable personal income		Per capita personal consumption expenditures		Percent change in real per capita disposable personal income	Saving as percent of disposable personal income	Population, including Armed Forces abroad (thousands) ²
							Current dollars	1982 dollars	Current dollars	1982 dollars			
	Billions of dollars						Dollars				Percent		
1980.....	2,258.4	340.5	1,917.9	1,781.1	136.8	2,214.3	8,421	9,722	7,607	8,783	-1.1	7.1	227,754
1981.....	2,520.9	393.3	2,127.6	1,968.1	159.4	2,248.6	9,243	9,769	8,320	8,794	.5	7.5	230,182
1982.....	2,670.8	409.3	2,261.4	2,107.5	153.9	2,261.5	9,724	9,724	8,818	8,818	-5	6.8	232,549
1983.....	2,838.6	410.5	2,428.1	2,297.4	130.6	2,331.9	10,340	9,930	9,515	9,139	2.1	5.4	234,329
1984.....	3,108.7	440.2	2,668.6	2,504.5	164.1	2,469.8	11,257	10,419	10,253	9,489	4.9	6.1	237,051
1985.....	3,325.3	486.6	2,838.7	2,713.3	125.4	2,542.8	11,861	10,625	10,985	9,839	2.0	4.4	239,322
1986.....	3,531.1	511.4	3,019.6	2,898.0	121.7	2,640.9	12,496	10,929	11,618	10,160	2.9	4.0	241,650
1987.....	3,780.0	570.3	3,209.7	3,105.5	104.2	2,686.3	13,157	11,012	12,348	10,334	.8	3.2	243,944
1988.....	4,062.1	590.3	3,471.8	3,327.5	144.3	2,788.3	14,103	11,326	13,110	10,530	2.9	4.2	246,179
	Seasonally adjusted annual rates												
1982: IV.....	2,729.2	411.1	2,318.1	2,174.9	143.1	2,276.1	9,929	9,749	9,068	8,904	1.2	6.2	233,466
1983: IV.....	2,341.8	413.9	2,527.9	2,382.5	145.4	2,392.7	10,725	10,151	9,825	9,299	9.1	5.3	235,707
1984: IV.....	3,188.3	459.7	2,728.6	2,571.3	157.3	2,496.3	11,467	10,491	10,479	9,587	1.7	5.8	237,946
1985: IV.....	3,399.1	499.6	2,899.5	2,787.7	111.7	2,562.8	12,068	10,667	11,240	9,935	3.3	3.9	240,257
1986: IV.....	3,599.6	534.9	3,064.7	2,967.9	96.8	2,649.4	12,635	10,923	11,857	10,250	-2	3.2	242,557
1987: I.....	3,676.1	532.2	3,143.9	3,013.1	130.8	2,679.6	12,934	11,024	12,020	10,245	3.8	4.2	243,077
II.....	3,736.1	582.0	3,154.1	3,084.7	69.5	2,652.8	12,947	10,889	12,282	10,330	-4.8	2.2	243,618
III.....	3,801.0	576.2	3,224.9	3,152.3	72.6	2,683.9	13,204	10,989	12,521	10,421	3.7	2.3	244,236
IV.....	3,906.8	591.0	3,315.8	3,171.8	144.0	2,728.9	13,543	11,145	12,564	10,340	5.8	4.3	244,845
1988: I.....	3,951.4	575.8	3,375.6	3,225.7	149.9	2,762.3	13,760	11,260	12,751	10,435	4.2	4.4	245,318
II.....	4,022.4	601.0	3,421.5	3,293.6	127.8	2,762.2	13,319	11,237	12,996	10,492	-8	3.7	245,806
III.....	4,094.0	586.5	3,507.5	3,361.8	145.7	2,800.4	14,231	11,362	13,232	10,564	4.5	4.2	246,469
IV.....	4,180.5	595.0	3,585.5	3,428.7	156.8	2,828.4	14,497	11,445	13,461	10,627	3.0	4.3	247,123

¹ Includes personal consumption expenditures, interest paid by consumers to business, and personal transfer payments to foreigners (net).

² Annual data are averages of quarterly data, which are averages for the period.
Source: Department of Commerce (Bureau of Economic Analysis and Bureau of the Census).

1989: I 4312.4 616.0 3696.4 3484.5 211.9 2881.1 14,925 11,633 13,649 10,639 6.7 5.7 247,663

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

That's why I've called on Congress to restore the capital-gains differential -- reducing the maximum tax rate to 15 percent. In 1990 alone, this step would bring in an extra 4.8 billion dollars, according to Treasury estimates. That's the lion's share of the 5.3 billion dollars we need in the way of "new revenues" under our budget agreement -- and that 4.8 billion dollars is on the conservative side since it leaves out the additional revenues due to the increased economic activity spurred by the cut.

NOTE: Changes submitted for page 5, paragraph 2.

Commerce Dept.

5178
The Chamber has been very active on parental leave, and it would be nice to recognize their efforts and bring child care to their attention through language along the following lines after the text on minimum wage.

"Federal intervention to mandate benefits also will drive up employer costs, and I share the concern that you have expressed so actively and effectively on legislation to mandate medical and parental leave. I also believe strongly that ^{any} new funds for child care should go directly to parents to enhance their choice of child care arrangements. Grants to States which involve federally-mandated standards, prohibitions against religiously-affiliated care, and biases against care by relatives, friends and neighbors will only drive up costs and reduce the supply of child care, making it more difficult for your employees to balance the competing demands of work and family life."

WHITE HOUSE STAFFING MEMORANDUM

DATE: 4/25/89

ACTION/CONCURRENCE/COMMENT DUE BY:

4/26/89 c.o.b.

SUBJECT:

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	MCCLURE	☒	☐
SUNUNU	☐	☒	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☒	☐
DARMAN	☒	☐	STUDDERT	☒	☐
BATES	☒	☐	UNTERMAYER	☐	☐
BREEDEN	☒	☐	ROGERS	☐	☒
CARD	☐	☒	WINSTON	☐	☒
CICCONI	☐	☒	PINKERTON	☒	☐
DEMAREST	☒	☐	BOSKIN	☒	☐
FITZWATER	☐	☒		☐	☐
GRAY	☒	☐		☐	☐
HAGIN	☐	☐		☐	☐

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than c.o.b. Wednesday, April 26, 1989, with an info copy to my office. Thank you.

RESPONSE:

See changes

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

McGroarty/Simon
April 25, 1989
6:45 pm
Draft 3

1989 APR 25 PM 7:1

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE
WASHINGTON, D.C.
MAY 1, 1989

[Introductory remarks.... Acknowledgements of outgoing
Chmn. Bill Kanagka, incoming Chmn. John Clendenin, Pres. Dick
Leshner....]

I want to thank the Chamber of Commerce for providing me a
chance to deliver a May Day message, American-style. On May Day,
I always think about that celebration in the Soviet Union. All
those red banners.... The big military parade.... Even the
Economic Planning Ministry had a unit in the parade -- two
hundred economists marching along yelling, "Mayday! Mayday!"

Today, that is beginning to change. Even the socialist
world is beginning to see that socialism isn't just another
economic system -- it's the death of economics. Nations the
world over are coming to recognize that free enterprise is the
wave of the future. That's a promising forecast for prosperity -
- and for world peace.

In the United States, the single most significant economic
indicator of this decade is up one, as of today: today begins
we have enjoyed
78 full *the longest peacetime* *expansion*
~~the 73th~~ months of uninterrupted economic growth in the American
history
economy.

Without a doubt, this long-running economic expansion has
been good for American business, and for the American worker. In

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5873*

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Wichers 5823
~~these~~ 77 months, we've added ~~over~~ twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down 30%, while jobs paying \$10 or more dollars an hour have increased by 80%. Unemployment is at its lowest point in the past 15 years.

In those 77 months, America's industrial output is up ~~33%~~ ^{40%} -- overall growth, up ~~26%~~ ^{29%}. For those with an eye on the international competition, that's a more rapid rate of ~~growth~~ ^{industrial output} than Japan reports for that same period, and it's double that of Europe.

Wichers 5873
And the expansion has been just as good to the average American family. ~~Per capita~~ ^{Real disposable} personal income is up ~~17%~~ ^{nearly 20%} -- and that's take home "after tax" pay, adjusted for inflation. In 1987, median family income reached a new high -- and ~~it's~~ ^{we} ~~expected to continue~~ ^{continued} to climb since then.

That's quite an economic success story. Our challenge now is to keep it going. We can -- and we will.

We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their ~~76th~~ ^{78th} straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

I've been a small businessman myself, starting out with an idea, and building it into a business. I know the risks -- and the rewards: the payoff in pride when you succeed....

Actually, not that much has changed: I've still got something in common with a lot of small businessmen in America. I also work out of my house....

Entrepreneurs know this simple truth: nothing wagered, nothing won. That's why I want a government that prompts entrepreneurs to take risks -- not a government that forces them to take refuge.

That doesn't mean government's only job is simply to stand back and step out of the way. There's plenty for the government to do, to make sure commerce is free and fair, and to maintain a climate where free enterprise can take place and prosper.

And today, the federal government's number one economic priority is dealing with the deficit.

We've made a good start. The budget agreement [✓] Congress and my Administration concluded two weeks ago will keep ^{the} federal ~~spending~~ ^{deficit} below the Gramm-Rudman target. And we haven't sacrificed our social or national security responsibilities in the process. The budget level we've agreed on will allow us to discharge the critical duties of government. We'll be able to provide for our national security, meet the needs of the disadvantaged, and accelerate the funding of several high-priority programs.

Our agreement sends a signal -- to the American people, and to our trading partners: we're serious about getting that deficit down.

And the deficit is coming down, not only in straight dollar terms, but as a percentage of our annual GNP. ^{By end of 89, we will have} We've cut the deficit in half, from a ~~high of~~ ^{6.3} 5.7% of GNP in 1986, to an ^{estimated 3.1} projected 2.9% in 1990. ⁸⁹ (or a projected 1.8% in 1990).

One word more about the budget agreement for 1990. We've agreed to \$5.3 billion dollars in "new revenues" as part of the deal. You're going to hear a lot about those "new revenues" in the months ahead -- so let me say my piece now.

First of all, let me assure you: "new revenues" isn't a code word for new taxes. I've given my word many times, and I'll give it again today: no new taxes means just that.

And I'll make it so clear that even the duck hunters among us will understand: we won't raise taxes with word games. We all know a tax when we see one -- and you won't see any in the agreement I've signed onto.

I have news for the castor-oil club -- the gang that's trying hard to get us to swallow new taxes. That's bad medicine for the economy. The deficit exists because we over-spend -- not because we're under-taxed.

Let me tell you what my favorite source of new revenue is. We don't have to raise tax rates -- we have to release the energies of free enterprise.

In a growing economy, tax revenues will take care of themselves. In 1990 alone -- thanks to expanding economic activity -- the Treasury will take in ^{more than} \$80 billion dollars in increased revenues, not through higher taxes, but under the existing tax structure.

That's why I've called on Congress to cut the capital gains tax. In 1990 alone, increased ^{capital gains realization} economic activity spurred by a cut in capital gains would bring an extra \$4.8 billion dollars into the federal treasury. ^{And that doesn't count increased economic activity spurred by the lower tax rate} That's the lion's share of the \$5.3 billion dollars we need in the way of "new revenues" under our budget agreement -- and my estimate is on the conservative side.

So let's not hunt for ways to wring another dollar in taxes out of our economy -- let's concentrate on creating conditions for continued growth.

Let's take a look at what our competitors are doing. Canada taxes capital gains at about half the rate that we do. So do Sweden and France. Japan's rate? ...A scant 5%. West Germany exempts all long-term capital gains from any tax whatever -- and among the newly industrialized economies of the Pacific rim, five out of six have no capital gains tax at all.

Among our competitors, those low rates contribute to low capital costs. Cutting our own capital gains rates would encourage productive investment -- in addition to generating the "new revenues" we need to meet our deficit reduction agreement.

I think the case for a capital gains cut is a strong one,

^{Wicks 5873} ^{Dale 3080} * The estimate of increased revenues of \$4.8 billion is correct, but it is not from increased economic activity.

but there are several other economic issues I want to discuss here today.

First, a pressing problem with important ^{consequences for} ~~to~~ our long term fiscal health: the S&L situation. This Administration recognized the immediate need to take action to stabilize the S&L system. Less than three weeks after taking office, we sent to ~~the~~ Congress a comprehensive S&L reform plan -- one designed to stop the dollar drain and deal with insolvent thrifts, and restore confidence in the S&L system.

The Senate passed my package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to repair the S&L system by passing my bill quickly -- with its central provisions intact.

And I have a second message for ~~the~~ Congress, as it debates an increase in the minimum wage. I've indicated my support for increasing the minimum wage over three years to \$4.25 an hour. I also want to establish a six-month training wage for new workers at the old \$3.35 rate, and expand the exemption from minimum wage requirements for all small businesses with annual sales under half a million dollars.

It's time for those who want a higher wage to move beyond the rhetoric, and take a look at the consequences. We all know the studies that show a 10% increase in the minimum wage will result in a loss of one hundred to two hundred thousand jobs.

What happens when minimum-wage workers open that pay envelope expecting a fatter paycheck -- and find a pink slip

late
3080

instead? An irresponsible increase in the minimum wage will cost jobs, as employers cut back to compensate for increased costs. \$4.25 is as far as I can go -- it's my first and final offer.

Finally, I'll close with a brief comment on an issue I know is vital to those of you here today -- vital, in fact, to all Americans in our evolving economy: International trade.

The global economy is a fundamental fact of economic life. It is no longer possible to draw a sharp line between domestic and international markets.

This Administration is committed to securing a truly free world trading system -- and we can't have free trade without fair trade.

This is no time to wall off the American economy, in hopes of securing U.S. companies against foreign competition. It is high time to work with our trade partners to lower the barriers to free and fair trade, for the benefit of all alike.

You have my word that the United States government will seek with added energy to open up foreign markets now closed to U.S. exports. Protectionism runs dead against a global trend towards more open and extensive commerce between nations -- and I'm dead set against protectionism. [pause]

The Chamber of Commerce has always stood for economic freedom -- and I know you share my view that there is no surer route to prosperity and progress than the system of free enterprise.

The message of the past 77 months is clear: We can keep the economy strong, sustain the longest ^{peacetime} expansion in American history, and ensure America a productive and prosperous future -- provided that government policies preserve the greatest possible freedom for American enterprise to innovate, create and compete.

Thank you.

WHITE HOUSE STAFFING MEMORANDUM

Action: Peter T
cc MJB
TGM
JBT

DATE: 4/25/89

ACTION/CONCURRENCE/COMMENT DUE BY:

4/26/89 c.o.b.SUBJECT: PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	☐	☒	MCCLURE	☒	☐
SUNUNU	☐	☒	NEWMAN	☐	☐
SCOWCROFT	☐	☐	PORTER	☒	☐
DARMAN	☒	☐	STUDDERT	☒	☐
BATES	☒	☐	UNTERMAYER	☐	☐
BREEDEN	☒	☐	ROGERS	☐	☒
CARD	☐	☒	WINSTON	☐	☒
CICCONI	☐	☒	PINKERTON	☒	☐
DEMAREST	☒	☐	BOSKIN	☒	☐
FITZWATER	☐	☒		☐	☐
GRAY	☒	☐		☐	☐
HAGIN	☐	☐		☐	☐

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than c.o.b. Wednesday, April 26, 1989, with an info copy to my office. Thank you.

RESPONSE:

OK, with suggested changes.

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

McGroarty/Simon
April 25, 1989
6:45 pm
Draft 3

1039 APR 27 PM 7:1

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the ⁸th month of ^{the current economic expansion} ~~uninterrupted economic growth in the American~~
~~economy.~~

Without a doubt, this long-running economic expansion has
been good for American business, and for the American worker. ~~the~~

real GNP fell
for one quarter
in 1986

From the beginning of this expansion through March

(we should surpass that milestone when we get the data for April this Friday)

Nearly
~~these 77 months~~, we've added ~~over~~ twenty million new jobs -- and more Americans have moved up on the pay scale. Since 1982, the number of jobs paying less than \$5 dollars an hour is down ²⁵30%, while jobs paying \$10 or more dollars an hour have increased by ⁹⁵80%. Unemployment is at its lowest point in the past 15 years.

During this expansion
~~In those 77 months~~, America's industrial output is up 33% --

overall growth, up 26%. For those with an eye on the international competition, *(more than double the rate of growth of Europe)* that's ~~a~~ more rapid rate of growth *and about the same as Japan during the same period.* ~~than Japan reports for that same period, and it's double that of Europe.~~

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unable to verify data not available for 1988

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We've all heard the naysayers. I think there are a few out there whose predictions of economic disaster are now in their 76th straight month....

The naysayers are wrong -- but why? What they've underestimated is the resilience, the remarkable responsiveness of the free enterprise system. You can focus on government so long, that you forget that it's the private sector that's home to the innovation and economic creativity that powers this expansion.

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Thank you.

BUILDING A BETTER AMERICA
APRIL 24, 1989

SUMMARY

Since President Bush took office, he has addressed a series of tough issues, meeting both urgent short-term priorities and working toward solutions to the long-term challenges facing the nation. Relying on basic American principles -- traditional family values, choice, accountability, fairness, excellence, peace through strength -- the President is building a better America by:

1. Keeping the economy strong -- with no new taxes
2. Seizing international opportunities for peace
3. Investing in our future
4. Working for a kinder, gentler America

Keeping the Economy Strong -- With No New Taxes

- o Record economic growth -- 76 months of economic expansion. Nearly 20 million new jobs have been created, and the unemployment rate is now at its lowest since December, 1973. Real median family income set a new record in 1987 and continues to grow.
- o A comprehensive budget proposal sent to the Congress and an unprecedented bipartisan agreement with the Congress reached on the budget reducing the Federal budget deficit, meeting Gramm-Rudman-Hollings deficit reduction targets with no new taxes
- o A comprehensive plan to rescue the Savings and Loan industry which has cleared the Senate
- o An initiative for cutting the capital gains tax rate sent to the Congress to encourage investment and create jobs and opportunity
- o In the Uruguay Round of GATT trade negotiations, substantial progress has been made by the Administration toward reducing trade barriers to U.S. exports
- o A plan for raising the minimum wage to \$4.25 coupled with a six month training wage

Seizing International Opportunities for Peace

- o The signing of a bipartisan accord with the Congress on Central America
- o The initiation of a dialogue with the Soviet Union. Secretary Baker met with Foreign Minister Shevardnadze in March, and these talks will continue when the two meet next in Moscow

- o An eight-step program to support Polish political and economic reforms
- o Intensive Presidential consultations with the leaders of 34 nations, including 18 bilateral meetings held during the Asia trip
- o A plan to strengthen the international response to Third World debt
- o Comprehensive foreign policy and defense strategy reviews initiated

Investing in Our Future

Improving Education

- o A comprehensive legislative package for educational excellence sent to the Congress

Protecting our Environment

- o A multi-agency commitment to oversee the Alaskan oil spill cleanup effort
- o The development of Clean Air Act revisions, with provisions for control of acid rain and other problems
- o An announcement of an effort to seek legislative authority to ban hazardous waste exports, where agreements do not exist for their safe disposal
- o A call for the worldwide phaseout of CFCs by the year 2000
- o A plan of action to identify and prioritize clean up of defense and civilian radioactive waste
- o A legislative proposal, already enacted by the House, to deregulate natural gas by January 1, 1993

Fighting Drugs and Crime

- o A major \$6 billion anti-drug abuse initiative focusing on education, rehabilitation, interdiction and enforcement
- o Action in response to the drug emergency in the District of Columbia, including enforcement support, more prison space, and stepped-up efforts in prevention and rehabilitation
- o A temporary suspension of imports of certain types of semi-automatic weapons
- o Action to modify lease and grievance procedures to facilitate eviction of those involved in drug related criminal activity from public housing
- o New aviation security initiatives announced by the Secretary of Transportation, to counteract terrorism in the skies

Working for a Kinder, Gentler America

Child Care

- o A child care initiative to give low and moderate income working families greater choice and flexibility in meeting their child care needs
- o Legislation to increase the FY 1990 authorization for Head Start by \$250 million to help up to 95,000 more 4-year olds

National Service

- o The creation of the Office of National Service in the White House, and leadership in the Administration's initiative on volunteerism

Welfare Reform and Medicaid

- o Quick action to implement major welfare reform legislation that will help reduce long-term welfare dependency
- o Expansion of the Medicaid program to serve more pregnant women, infants, and children

Homelessness

- o An initiative to provide over \$1 billion in federal resources to help end homelessness and pave the way to jobs, permanent housing and health care

Ethics and Civil Rights

- o A comprehensive ethics proposal to make uniform the standards among all three branches of government
- o Whistleblower protection legislation, now law, to strengthen the rights of those who report misdeeds and mismanagement
- o Enforcement of the new Fair Housing Laws, to fully prosecute those discriminating in housing opportunities on the basis of religion, race, age, ethnicity, handicap or family status
- o Support by the Department of Justice for the objectives of the Hate Crimes Bill, which provides for the collection of data about crimes motivated by race, religion, ethnicity or sexual orientation

President Bush has set an agenda for the country. He is orienting us as a nation toward the future -- building a better America -- keeping America strong and at peace. Leadership is the ability to see the shape of things to come, to address tomorrow's challenges today. George Bush is preparing the nation for the 21st Century.

BUILDING A BETTER AMERICA

APRIL 24, 1989

KEEPING THE ECONOMY STRONG -- WITH NO NEW TAXES

Keeping our nation's economy strong is the key to managing change successfully. The news is good:

- o **Record expansion:** We are now in the 76th month of the current economic expansion.
- o **Job creation:** Nearly 20 million new jobs have been created, and the unemployment rate has declined to 4.9 percent, a 15 year low. During this decade, America has created more new jobs than Japan and the nations of Western Europe combined.
- o **Record income:** Per capita personal income, after taxes and inflation, has risen 17 percent during the expansion; 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 **Industrial output:** During this expansion, American industrial output has grown 33 percent compared with overall economic growth of 26 percent. This is double Europe's growth rate in industrial output and even slightly more than Japan's rate of increase during the same period.
- o **Inflation under control:** We have had seven straight years of consumer price inflation under 5 percent. 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.

ACTION BY THE ADMINISTRATION:

- o **Presenting a budget:** The President put forth a budget which addresses our fundamental obligations for protection of national security and support of the needy, while providing sufficient funds to advance high-priority initiatives. The President's budget restrains overall growth of spending and meets the Gramm-Rudman-Hollings targets -- with no new taxes.
- o **Reaching a budget agreement with Congress:** The President and Congress announced on April 14 a budget plan to reduce the estimated FY 1990 deficit by about \$64 billion below FY 1989. The deficit will be reduced to \$99.4 billion, as required by the Gramm-Rudman-Hollings law. **This is the**

first budget agreement reached before the start of the budget year and not framed in the context of crisis.

- o **Savings and Loan reform:** The Administration has transmitted the "Financial Institutions Reform, Recovery and Enforcement Act of 1989" to Congress, which has already cleared the Senate. The proposal includes provisions to:
 - Assure financial integrity of deposit insurance by raising the annual premium rate for both commercial banks and S&Ls.
 - Resolve the status of existing insolvent banks in an orderly fashion.
 - Improve supervisory control by bringing S&Ls up to the same standards applied to commercial banks.
 - Enhance enforcement of bank fraud provisions.
- o **Capital gains tax rate cut:** The re-establishment of a capital gains differential will encourage capital formation, and investment and stimulate job creation. The President has sent to the Congress a proposal which includes:
 - A 45 percent capital gains exclusion for qualified capital gains, making the maximum capital gains tax rate 15 percent.
 - A phased-in increase in the qualifying holding period from one year to three years.
 - Families earning under \$20,000 would be exempted from the tax.
- o **Minimum wage proposal:** The President is seeking to minimize the adverse economic impact of an across-the-board increase in the minimum wage, and to keep job opportunities available for youth and those seeking to enter the economic mainstream. His proposal is:
 - A 27 percent increase in the minimum wage over three years to \$4.25 for most workers.
 - Maintaining the current \$3.35 minimum for all new employees of a firm on the job for less than six months, regardless of age or previous employment.
 - An increase in the small business exemption to include all firms, not just retail and service establishments, with gross sales under \$500,000.
 - An increase in the tip credit from 40 percent to 50 percent.

The President's pledge to veto an excessive increase in the minimum wage has gained strong support in both Houses of Congress.
- o **International Trade:** The Administration broke a logjam in international trade talks which had existed since late 1988. In breaking the stalemate, the United States advanced its proposal to correct and prevent trade distortions in agriculture. This clears the way for negotiations that -- if

successful over the next 20 months -- will greatly expand rules governing free and open trade.

o. **Agricultural initiatives:**

- The announcement of additional advance deficiency payments of 10 percent available to producers of wheat, feed grains, rice and upland cotton.
- The establishment of a top-level Working Group on Rural Development to focus on an action-oriented agenda.

SEIZING INTERNATIONAL OPPORTUNITIES FOR PEACE

The Administration's policy of peace through strength is working. As he prepares for both the 40th Anniversary of NATO in Brussels and the economic summit in Paris, President Bush has undertaken a number of foreign policy initiatives to maintain America's position of world leadership.

ACTION BY THE ADMINISTRATION:

- o **Bipartisan accord:** On March 24, the President signed the Bipartisan Accord on Central America with top leaders of the Congress. The agreement sets out the broad outlines of a strong and effective U.S. policy in the region:
 - **Humanitarian aid:** Congress has agreed to support the Administration's request for continued humanitarian assistance for the Nicaraguan Democratic Resistance at current levels through the elections in Nicaragua scheduled for February, 1990.
 - **Democracy and Regional Peace:** The burden of proof is on the Sandinista government to do something it has steadfastly refused to do from 1979 to 1989: keep its promises to its people and its neighbors. If those pledges of democracy and peace continue to be violated, we hope and expect that other nations will find ways to join us to condemn those actions. But if those promises are kept, we have an opportunity to start a new day in Central America.
- o **Support for reform in Poland:** The Polish people are now taking concrete steps which deserve our active support. Those reforms include the legalization of Poland's heroic trade union movement, Solidarity, and were recognized by President Bush's initiative, which contained eight steps to support Polish political and economic reforms:
 - The President is asking the Congress to join him in providing Poland access to our Generalized System of Preferences, which offers selective tariff relief to beneficiary countries.
 - We are working with our allies and friends in the Paris Club to develop sustainable new schedules for Poland to repay its debt, easing a heavy burden so that a free market can grow.
 - The President is also asking Congress to join him in authorizing the Overseas Private Investment Corporation to operate in Poland.
 - The President is proposing negotiations for a private business agreement with Poland to encourage cooperation between U.S. firms and Poland's private businesses.
 - The U.S. will continue to consider supporting, on their merits, viable loans to the private sector by the International Finance Corporation.

- The President supports the Roundtable agreements that clear the way for Poland to be able to work with the International Monetary Fund on programs that encourage sound, new, market-oriented economic policies.
 - The Administration is also encouraging business and non-profit groups to develop innovative programs to swap Polish debt for equity in Polish enterprises; and for charitable, humanitarian and environmental projects.
 - The President will support imaginative educational, cultural and training programs to help liberate the creative energies of the Polish people.
- o **Bilateral meetings:** The President has met with a total of 34 foreign leaders while in office, including a series of 18 bilateral meetings during the trip to Emperor Hirohito's funeral. President Bush has met with leaders from the Middle East, including Prime Minister Shamir of Israel, President Mubarak of Egypt and King Hussein of Jordan.
 - o A dialogue has begun with the Soviet Union. Secretary Baker met with Foreign Minister Shevardnadze in March, and these talks will continue when the two meet next in Moscow
 - o **Inter-American Development Bank:** The Bush Administration successfully concluded negotiations which will lead to a substantial increase in the Bank's resources. The resulting \$22.5 billion in lending over the 1990-93 period will support development efforts in major Latin American debtor countries as well as the smaller countries of Central America and the Caribbean.
 - o **Initiative on Third World Debt:** The President's initiative to strengthen the international strategy on Third World debt has already received broad international support from both industrialized and developing countries. The approach is designed to promote sustained growth in developing countries by:
 - Emphasizing sound market-oriented economic policies in debtor countries, particularly measures to promote investment and repatriation of flight capital;
 - Increasing the focus on debt and debt service reduction to complement new lending by commercial banks;
 - Using resources from the World Bank and International Monetary Fund to catalyze voluntary debt and debt service reduction by the commercial banks.
 - o **GATT:** In the Uruguay Round of GATT trade negotiations, the Administration has made substantial progress toward reducing trade barriers to U.S. exports.
 - o **Policy reviews:** President Bush has ordered a comprehensive review of foreign policy and defense strategies, soon to be completed.

INVESTING IN OUR FUTURE

EDUCATION

The President's actions to improve education are guided by **four key principles**: that **excellence** and success in education should be recognized and rewarded; that federal funding should be targeted to those who need it most; that **choice and flexibility** - for educators, parents and students -- are important to educational reform and to achieving excellence; and finally, that greater **accountability** is needed in the education system to assure that students are actually receiving the highest quality education.

ACTION BY THE ADMINISTRATION:

- o The President proposed and sent to the Congress a comprehensive education package, "The Educational Excellence Act of 1989" which includes seven initiatives:
 - The Presidential Merit Schools program -- to reward schools that have made substantial progress in raising students' educational achievement, creating a safe and drug-free school environment, and reducing the drop-out rate.
 - A new Magnet Schools of Excellence program -- to support the establishment, expansion or enhancement of magnet schools, increasing parental choice and improving quality education.
 - The Alternative Certification of Teachers and Principals program -- to assist States interested in broadening the pool of talent from which to recruit teachers and principals.
 - President's Awards for Excellence in Education -- to be awarded to public and private school teachers in every state who meet the highest standards of excellence.
 - Drug-free Schools Urban Emergency Grants -- to provide special assistance to selected urban school districts that are disproportionately affected by drug trafficking and abuse.
 - A National Science Scholars program -- to provide college scholarships to high school seniors who have excelled in the sciences and mathematics.
 - Additional Funding Authorization for Endowment Matching Grants at Historically Black Colleges and Universities to strengthen HBCUs by building endowments, an especially effective way to create financial strength and long-term security.

THE ENVIRONMENT

President Bush, a long-time environmentalist, has taken strong action to protect the environment. He is working shoulder-to-shoulder with Interior Secretary Lujan, Energy Secretary Watkins, and EPA Administrator Reilly on a number of fronts.

ACTION BY THE ADMINISTRATION:o **Alaskan oil spill:**

- A Cabinet-level team was sent to assess the Alaskan oil spill situation, and a joint federal-state resource recovery team was convened, with Secretary of Transportation Skinner now coordinating all efforts. Coast Guard Commandant Yost has returned to Alaska to assume personal oversight of developments, and the National Transportation Safety Board is investigating the accident itself. Exxon has accepted responsibility for paying for the cleanup, and for employing local civilian personnel necessary to control further damage.
- In addition to the considerable federal personnel and equipment already in place, on April 7, the President announced that Defense Secretary Cheney will make available U.S. Armed Forces personnel and equipment to assist in the cleanup. EPA Administrator Reilly will coordinate the long-range planning to restore the environment of Prince William Sound, and the President has ordered a review of existing contingency plans for accidents such as this. The Departments of Interior, Commerce and Agriculture, with the State of Alaska, have begun a scientific assessment of damages to natural resources. Exxon has provided \$15 million in up-front funding for this effort.
- The President has set up a special task force to address environmental concerns about oil and gas drilling off the coasts of California and Florida.

o **Cleaning up hazardous wastes:** The President announced he will be seeking new legislation to give the United States Government authority to ban all exports of hazardous waste except where an agreement exists with the receiving country providing for the safe handling and management of those wastes.o **Also,** Secretary of Energy Watkins has put forth a plan of action to identify and prioritize clean up of defense and civilian radioactive waste.o **Superfund:** The President is reinvigorating the Superfund hazardous waste clean-up program by directing EPA to take a number of actions, including more aggressive action to force private parties to clean up sites, stepped-up cost recovery, and better use of existing emergency cleanup authorities. EPA is also now finishing a priority review of Superfund to improve its operation.o **Ozone depletion:** The President has called for a total worldwide phaseout of CFCs by the year 2000, provided safe substitutes are available, in order to prevent further damage to the earth's protective ozone layer.

- o **Clean Air and Acid Rain:** The President committed his Administration to submitting a new Clean Air Act, including provisions for control of acid rain, ozone, and toxic air pollutants. Top Administration officials have begun drafting a bill, in consultation with leaders of Congress.
- o **Clean water and coastlines:** The EPA has started a tracking system for medical wastes and the Justice Department has started a task force to prosecute these abuses -- the first step in a comprehensive program to help keep our beaches clean. The President is committed to end ocean dumping of sewage sludge by 1991.
- o **Wetlands:** The President is committed to "no net loss of wetlands" and is directing his agencies to work toward that goal. He has also proposed \$206 million in his budget to expand our parks and wildlife refuges.

FIGHTING DRUGS AND CRIME

With the confirmation of Bill Bennett as Director of National Drug Control Policy, and the trip by Attorney General Thornburgh to South America to meet with local leaders with regard to joint eradication and interdiction efforts, we have begun a new war on drugs in this country. The President believes a **four-pronged approach** is key: **education, rehabilitation, interdiction and enforcement.** The policy of this Administration is **"zero tolerance."** No amount of illegal drug use is acceptable. This means dealing with both supply and demand.

ACTION BY THE ADMINISTRATION:

- o **Budget:** The Administration is requesting \$6 billion in funding for FY 1990 to fight the drug war, increasing outlays by nearly \$1 billion for drug education, treatment and enforcement.
- o **Education:** The Administration is requesting nearly \$1.1 billion for education and prevention efforts. This is a 16 percent increase over 1989, and includes funding for ongoing programs and new initiatives.
- o **Rehabilitation:** Funding for drug abuse treatment will be increased 18 percent. The Administration is proposing over \$700 million to expand the nation's capacity to provide treatment, particularly to the indigent, disadvantaged, youth, and expectant mothers.
- o **Interdiction and enforcement:** The Administration is proposing over \$4.1 billion for law enforcement programs in 1990, a 10 percent increase over 1989. This constitutes about 70 percent of President Bush's proposed drug budget. Substantial increases are requested in funding to strengthen inspection, interdiction, intelligence efforts and crop

eradication programs, such as Operation Polar Cap, a federally led effort which broke up a \$1.2 billion drug money-laundering operation. The President strongly supports the death penalty for drug kingpins who commit drug-related murders, and will appoint judges who will strongly enforce the drug penalty laws.

- o The Administration imposed a **temporary suspension** of imports of certain types of **semi-automatic weapons**, and has undertaken an emergency study to identify the best means of reducing drug-related killings and other violent crime.
- o **Public housing:** The Bush Administration is working to make public housing drug free, to protect the rights of the vast majority of decent, law-abiding public housing residents. The Department of Housing and Urban Development has acted:
 - To modify its lease and grievance procedures to facilitate eviction of those involved in drug related criminal activity;
 - To make drug use and trafficking a lease violation subject to eviction proceedings;
 - To target federal assistance to anti-drug security measures;
 - To revoke federal housing subsidies from those dealing in drugs;
 - To involve the private and voluntary sectors in efforts to rid public housing of drugs and give residents, especially young people, a stake in their communities and their futures.
- o In addition, the Office of National Drug Control Policy has responded to the drug emergency in the District of Columbia:
 - **A Metropolitan Area Task Force will be expanded**, with 57 additional representatives from federal agencies, and state and local police from D.C., Maryland and Virginia.
 - **More prisons:** The federal Bureau of Prisons will take custody of 250 inmates from the D.C. jail, and work to locate land for construction of a new prison.
 - **Enforcement:** The FBI will provide support to D.C. police in investigations of drug-related murders.
 - **Rehabilitation:** The National Institute on Drug Abuse will provide assistance in local treatment efforts and will be authorized to establish three new outpatient clinics by 1990.
 - **Prevention:** The Department of Education will provide the District with 50 percent more funds for drug prevention programs in city schools. The Department of Labor will work with the business community to increase job training for youth, and will provide a \$100,000 grant to establish employee assistance programs for drug abuse.

WORKING FOR A KINDER, GENTLER AMERICACHILD CARE

The changing nature of American society heightens the need for quality, affordable, accessible child care. President Bush wants to put choice in the hands of parents so that they -- not government -- have the power to select the best and safest environment for their children.

ACTION BY THE ADMINISTRATION:

- o **Child care:** The President has proposed a child care package, the "Working Family Child Care Assistance Act of 1989" which:
 - Provides a new refundable child care tax credit of up to \$1000 per child under four, for low and moderate income working families.
 - Makes the existing Child and Dependent Care Tax Credit refundable.
 - Does not discriminate against religious- and family-based child care.
- o The President has directed Secretary of Labor Dole to study the market for liability insurance to determine if liability issues impair child care.
- o **Head Start:** The President has also transmitted legislation to the Congress which would increase the FY 1990 authorization for Head Start by \$250 million; this will pay for enrollment of up to 95,000 more four-year-olds in the program.

NATIONAL SERVICE

President Bush has said that "From now on in America, any definition of a successful life must include serving others."

ACTION BY THE ADMINISTRATION:

- o **Office of National Service:** The President established in the White House the Office of National Service to lead the Administration's national service movement. This Office will identify effective community service models and encourage others to duplicate them across the country. It will challenge individuals, schools, businesses, civic and service groups, religious institutions and other entities to expand existing community service programs and to create new ones. The goal of this Office is to make service to others a central part of every American's life, and in so doing, to help to ameliorate the urgent ills which fray the fabric of American society. The Office will recommend changes in national social and economic policy to promote and encourage

service, including tort law reform, welfare law reform and housing, to name a few.

- o **Presidential Proclamation:** In signing the proclamation commemorating National Volunteer Week, April 9-15, the President challenged every American who cares about the future of this country to engage in some meaningful form of community service. He awarded 18 Presidential Awards to those chosen from nearly 2000 applications -- to winners who embody the ideals of goodness, compassion and concern for others.

WELFARE REFORM

The Administration has developed a major new education and job training program to help recipients of Aid to Families with Dependent Children move off welfare and become economically self-sufficient.

ACTION BY THE ADMINISTRATION:

- o **Welfare reform:** The Administration issued proposed rules on April 18 to implement the major provisions of the Family Support Act of 1988. The proposed rules are designed to:
 - Target job training assistance to those who are most likely to benefit and who are most at risk for long-term welfare dependency.
 - Provide maximum level of flexibility to AFDC parents in obtaining the type of child care that best suits their needs, consistent with the Administration's legislative proposals on child care.
- o **JOBS Program:** The Administration is proposing to spend \$3.3 billion over the next five years implementing the JOBS program. The changes will pay benefits in the future by reducing the number of individuals on welfare. It is estimated that 138,000 families will be able to leave welfare rolls over the next five years as a result of this program.

EXPANSION OF MEDICAID

The Administration is committed to health care for the disadvantaged, calling for full funding of Medicaid, \$37.6 billion for FY 1990, an increase of \$3.3 billion, or 9.6 percent over the FY 1989 level.

ACTION BY THE ADMINISTRATION:

- o **Expanding Medicaid:** On April 18, the Administration forwarded to Congress proposed legislation to make federal programs better serve pregnant women, infants and children. The legislation would expand significantly the population

Medicaid serves, making Medicaid available to 1.9 million more women when they became pregnant. The legislation would:

- Increase by 374,000 the number of pregnant women and children eligible for Medicaid.
- Foster greater participation in Medicaid by eligible pregnant women by providing services to pregnant women who are presumed eligible for Medicaid before a formal eligibility determination is made; and by requiring States to operate outreach programs in areas of high infant mortality.
- Entitle all children under age 6 who are receiving Food Stamps to Medicaid coverage for immunizations.
- Make the Federal match rate for State administration expenses a uniform 50 percent by gradually reducing special administrative match rates ranging from 75 to 100 percent. The savings that would result would allow the legislative eligibility changes proposed by the President to be implemented within the current program's spending level.

HOUSING/HOMELESSNESS

President Bush has taken a number of steps to create an "opportunity society" of jobs, growth, housing and hope for Americans in need of a helping hand.

ACTION BY THE ADMINISTRATION:

- o **Homelessness:** A proposal to provide over \$1 billion in federal resources to help end homelessness and pave the way to jobs, permanent housing, health care and human dignity. President Bush's proposal calls for fully funding the McKinney Homeless Assistance Act and for a new \$50 million matching grant program to promote public/private partnerships to assist homeless families and the mentally ill.
- o **Enterprise zones:** A call for enactment of enterprise zone legislation, to give urban and rural areas the opportunity for jobs and hope for the future. President Bush asked Congress to enact labor and capital-based incentives to create jobs and entrepreneurial activity in our most distressed communities.
- o **Affordable housing:** A commitment to making housing more affordable for low-income families, and to provide homeownership opportunities to the poor and young families just starting out. President Bush proposes to assist 109,000 new families in need of low-income housing, and has pledged to maintain assistance to those families already being helped. President Bush has also signalled his commitment to empowering poor residents of public housing to become homeowners through resident management and ownership of public housing.

ETHICS AND CIVIL RIGHTS

High ethical standards and civil rights for all Americans are central to this Administration, and we will enforce them -- strictly, comprehensively, fairly, and to the letter and spirit of the law.

ACTION BY THE ADMINISTRATION:

- o **Ethics:** The President issued an Executive Order creating the President's Commission on Federal Ethics Law Reform. On March 9, the Commission filed its report and its recommendations to the President. Legislation was sent April 12th to the Congress, and the President issued an Executive Order announcing ethical principles for the conduct of executive branch employees. The President's proposals include:
 - A ban on outside earned income for non-career Presidential appointees in the executive branch, including all employees in the immediate White House Office.
 - Expanded financial disclosure for all three branches of government.
 - Prohibition of the conversion of political contributions for personal or office use.
 - A comprehensive review of federal campaign finance laws, including an assessment of the impact of PACs on parties, competition and political debate. The President believes that PAC contributions to candidates should be eliminated, and he will be consulting with the Congress on this issue. President Bush is also opposed to federal funding of congressional campaigns.
 - Deferral of tax liability when an individual is required by his or her agency to divest assets in order to avoid conflicts of interest.
 - Strengthened rules against abusing the revolving door for private gain at the expense of the public trust. These rules also apply to the legislative branch.
 - A 25 percent pay raise for federal judges was proposed in separate legislation submitted April 12, while the ethics reform legislation restricts their acceptance of honoraria. President Bush believes that honoraria for Members of Congress should be banned; however, the President will not formalize that proposal until after he consults with Congress on that issue and their pay raise. He will include in that discussion the question of a pay increase for certain executive branch positions.
 - The extension of the Independent Counsel statute to cover the Congress.
 - The extension of the federal statute that prohibits employees from taking actions that enhance their own financial interest to cover legislative and judicial branch employees.

- The establishment of an independent ethics office for the Congress, to be headed by a clearly nonpartisan official, confirmed by both houses.
 - The application of the existing one-year post-employment "cooling-off" period for senior executive-branch employees to the legislative and judicial branches.
- o **Whistleblower protection:** The President supports public servants who revere the trust placed in them by the American people. On April 10, the President signed S. 20, the "Whistleblower Protection Act of 1989." This law will strengthen the protections and procedural rights available to those federal employees who report misdeeds and mismanagement.
- This new law will enhance the authority of the Office of Special Counsel, and whistleblowers will also now be allowed to take their cases to the Merit Systems Protection Board.
 - The statute alters the legal burdens of proof, making it easier for employees to be vindicated when they are wrongfully penalized by their supervisors for whistleblowing activities.
- o **Civil rights:** The Administration has taken a number of actions to protect the civil rights of all Americans, including several court actions in key civil rights cases.
- On March 8, the Department of Justice endorsed the objectives of the Hate Crimes Bill and voiced no opposition to the bill's enactment. The Hate Crimes Bill provides for the collection of data about crimes motivated by race, religion, ethnicity or sexual orientation.
 - On March 13, Attorney General Thornburgh announced the filing of Federal housing discrimination lawsuits seeking monetary damages and civil penalties under the expanded enforcement authority of the Fair Housing Amendments Act of 1988.

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