

Originally Processed With FOIA(s):

S

FOIA Number:

2011-2184-F

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

---

**Record Group/Collection:** George H.W. Bush Presidential Records  
**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Speech File Draft Files  
**Subseries:** Chron File, 1989-1993

---

**OA/ID Number:** 13485  
**Folder ID Number:** 13485-011

---

**Folder Title:**  
U.S. Chamber of Commerce, 5/1/89 [3]

---

| Stack:   | Row:      | Section:  | Shelf:   | Position: |
|----------|-----------|-----------|----------|-----------|
| <b>G</b> | <b>26</b> | <b>15</b> | <b>7</b> | <b>1</b>  |

---

Revised 4/26 7:00 pm

April 26, 1989

MEMORANDUM FOR CHRISS WINSTON

FROM; DENISE SCHWARZ  
OFFICE OF CABINET AFFAIRS

SUBJECT; PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
LOG #030268SS

We have reviewed the attached and have incorporated our comments.

Attachment

cc: Jim Cicconi

CABINET AFFAIRS STAFFING MEMORANDUM

Date: \_\_\_\_\_ Number: \_\_\_\_\_ Due By: 5:00 P.M.

Subject: \_\_\_\_\_

|                            | Action                              | FYI                      |                                  | Action                   | FYI                      |
|----------------------------|-------------------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|
| <b>ALL CABINET MEMBERS</b> | <input type="checkbox"/>            | <input type="checkbox"/> | <b>CEA</b>                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Vice President             | <input type="checkbox"/>            | <input type="checkbox"/> | <b>CEQ</b>                       | <input type="checkbox"/> | <input type="checkbox"/> |
| State                      | <input type="checkbox"/>            | <input type="checkbox"/> | <b>OSTP</b>                      | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>enclosed</i> - Treasury | <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Defense                    | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Justice                    | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Interior                   | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Agriculture                | <input type="checkbox"/>            | <input type="checkbox"/> |                                  |                          |                          |
| <i>Comments</i> - Commerce | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>Scowcroft</b>                 | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>ok</i> - Labor          | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <b>Porter</b>                    | <input type="checkbox"/> | <input type="checkbox"/> |
| HHS                        | <input type="checkbox"/>            | <input type="checkbox"/> | <b>Breeden</b>                   | <input type="checkbox"/> | <input type="checkbox"/> |
| HUD                        | <input type="checkbox"/>            | <input type="checkbox"/> | <b>Cicconi (For WH Staffing)</b> | <input type="checkbox"/> | <input type="checkbox"/> |
| Transportation             | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Energy                     | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Education                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Veterans                   | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| OMB                        | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| <i>Comments to</i> - USTR  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| Chief of Staff             | <input type="checkbox"/>            | <input type="checkbox"/> |                                  |                          |                          |
| UN                         | <input type="checkbox"/>            | <input type="checkbox"/> | <b>Executive Secretary for:</b>  |                          |                          |
| CIA                        | <input type="checkbox"/>            | <input type="checkbox"/> | <b>DPC</b>                       | <input type="checkbox"/> | <input type="checkbox"/> |
| National Drug Policy       | <input type="checkbox"/>            | <input type="checkbox"/> | <b>EPC</b>                       | <input type="checkbox"/> | <input type="checkbox"/> |
| EPA                        | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| GSA                        | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| NASA                       | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| OPM                        | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |
| SBA                        | <input type="checkbox"/>            | <input type="checkbox"/> | _____                            | <input type="checkbox"/> | <input type="checkbox"/> |

REMARKS:

✓ Lehmann

RETURN TO:

David Q. Bates  
Cabinet Secretary  
456-2174  
(1st Floor, West Wing)

Associate Director  
Office of Cabinet Affairs  
456-2800  
(Room 235, OEOB)

# 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 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input type="checkbox"/>            | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | STUDDERT   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| BATES          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| BREEDEN        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| GRAY           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |

**REMARKS:**

Please 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

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 the <sup>78</sup>7th month of 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. In

During the expansion 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 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.

*Since the expansion began*  
~~In these 77 months~~, America's industrial output is up <sup>40%</sup> ~~33%~~ --  
*GNP 29%*  
overall growth, up 26%. 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 <sup>19%</sup> ~~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 <sup>6.3%</sup> 5.7% of GNP in <sup>FY 83</sup> 1986, to a projected <sup>3.2%</sup> <sup>89</sup> 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.

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.*

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 <sup>the</sup> a cuts <sup>according to</sup> in ~~capital gains~~ <sup>This step</sup> would bring an extra \$4.8 billion dollars <sup>into</sup> the ~~federal treasury~~. That's the lion's share of the \$5.3 <sup>Estim</sup> billion dollars we need in the way of "new revenues" under our budget agreement -- and <sup>that 4.8 billion dollar</sup> ~~my~~ estimate is on the conservative side. <sup>since it leaves out the additional revenues due to the increased economic activity</sup> 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.

*spurred by the cuts*

Let's take a look at <sup>how</sup> ~~what~~ our competitors <sup>tax long-term cap. gain.</sup> ~~are doing.~~ \*Canada + Ja taxes capital gains at about <sup>2/3rds</sup> 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, <sup>four</sup> ~~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,

\* Sweden + France tax long-term cap. gains @ approx 1/2 the rate that we do.

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

First, a pressing problem <sup>which is</sup> ~~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 <sup>an S&L</sup> ~~my~~ package with a resounding majority: 91 to 8. I urge the House to move quickly to give us the tools we need to <sup>reform</sup> ~~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 <sup>current</sup> ~~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.

See  
attached  
insert  
from  
USTR

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.

WEDRAFT

INSERT  
ON 7.  
pg.

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 opportunity 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 is a prosperous one, they are wrong. Closed markets mean closed doors to opportunity. And that means less prosperity.

April 26, 1989

MEMORANDUM TO CHRISS WINSTON

FROM:           ROGER PORTER  
                 BILL ROPER  
                 JIM PINKERTON

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.

April 26, 1989

MEMORANDUM FOR CHRISS WINSTON

FROM; DENISE SCHWARZ  
OFFICE OF CABINET AFFAIRS

SUBJECT; PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
LOG #030268SS

We have reviewed the attached and have incorporated our comments.

Attachment

cc: Jim Cicconi

CABINET AFFAIRS STAFFING MEMORANDUM

Date: \_\_\_\_\_ Number: \_\_\_\_\_ Due By: 5:00 P.M.

Subject: \_\_\_\_\_

| ALL CABINET MEMBERS  | Action                              | FYI                      |                           | Action                   | FYI                      |
|----------------------|-------------------------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| Vice President       | <input type="checkbox"/>            | <input type="checkbox"/> | CEA                       | <input type="checkbox"/> | <input type="checkbox"/> |
| State                | <input type="checkbox"/>            | <input type="checkbox"/> | CEQ                       | <input type="checkbox"/> | <input type="checkbox"/> |
| Treasury             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | OSTP                      | <input type="checkbox"/> | <input type="checkbox"/> |
| Defense              | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Justice              | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Interior             | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Agriculture          | <input type="checkbox"/>            | <input type="checkbox"/> | Scowcroft                 | <input type="checkbox"/> | <input type="checkbox"/> |
| Commerce             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Porter                    | <input type="checkbox"/> | <input type="checkbox"/> |
| ok-Labor             | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Breeden                   | <input type="checkbox"/> | <input type="checkbox"/> |
| HHS                  | <input type="checkbox"/>            | <input type="checkbox"/> | Cicconi (For WH Staffing) | <input type="checkbox"/> | <input type="checkbox"/> |
| HUD                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Transportation       | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Energy               | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Education            | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Veterans             | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| OMB                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Comments - USTR      | <input checked="" type="checkbox"/> | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| Chief of Staff       | <input type="checkbox"/>            | <input type="checkbox"/> | Executive Secretary for:  |                          |                          |
| UN                   | <input type="checkbox"/>            | <input type="checkbox"/> | DPC                       | <input type="checkbox"/> | <input type="checkbox"/> |
| CIA                  | <input type="checkbox"/>            | <input type="checkbox"/> | EPC                       | <input type="checkbox"/> | <input type="checkbox"/> |
| National Drug Policy | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| EPA                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| GSA                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| NASA                 | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| OPM                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |
| SBA                  | <input type="checkbox"/>            | <input type="checkbox"/> | _____                     | <input type="checkbox"/> | <input type="checkbox"/> |

REMARKS:

✓ Lehmann

RETURN TO:

David Q. Bates  
Cabinet Secretary  
456-2174  
(1st Floor, West Wing)

Associate Director  
Office of Cabinet Affairs  
456-2800  
(Room 235, OE08)

# 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 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input type="checkbox"/>            | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | STUDDERT   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| BATES          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| BREEDEN        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |
| GRAY           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |

**REMARKS:**

Please 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

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  
the 77th month of 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. 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%. 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.

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 <sup>current</sup> ~~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.

See  
attached  
insert  
from  
USTR

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.

REDRAFT

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 opportunity 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 is a prosperous one, they are wrong. Closed markets mean closed doors to opportunity. And that means less prosperity.

INSERT  
ON 7.  
Pg.

Gary Edson  
6850

# 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 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input type="checkbox"/>            | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | STUDDERT   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| BATES          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| BREEDEN        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| GRAY           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            |            | <input type="checkbox"/>            | <input type="checkbox"/>            |

REMARKS:

Please 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:

*Put speech on teleprompter.  
 Maybe you should put more applause lines in the speech.*

**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.

*There is a new breeze blowing*

*Std.*

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.

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%. 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. *EV*

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.

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 26, 1989

MEMORANDUM FOR CHRISS WINSTON  
DEPUTY ASSISTANT TO THE PRESIDENT  
FOR COMMUNICATIONS

FROM: NELSON LUND *NL*  
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: U.S. Chamber of  
Commerce

At the request of James W. Cicconi, Counsel's Office has reviewed the captioned draft remarks. We have no legal objections.

We appreciate having had the opportunity to review these draft remarks.

cc: James W. Cicconi

Simon edits

RA

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

PRESIDENTIAL REMARKS: U.S. CHAMBER OF COMMERCE  
~~WASHINGTON, D.C.~~ CONSTITUTION HALL  
MONDAY, MAY 1, 1989  
10:15 am

[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  
the 77th month of 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. In

those 77 months, we've added <sup>almost</sup> ~~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%. 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 <sup>are</sup> ~~we~~ <sup>cut</sup> ~~cut~~ <sup>ting</sup> 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.

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's <sup>maximum</sup> taxes capital gains <sup>tax rate is</sup> at about half <sup>the U.S. rate</sup> the rate that we do. <sup>the same is</sup> So do

<sup>true for</sup> Sweden and France. Japan's rate? ...A scant 5%. West Germany

exempts all long-term capital gains from any tax whatever -- and

<sup>among</sup> the newly industrialized economies of the Pacific rim, <sup>4</sup> five

<sup>Singapore, Korea + Taiwan</sup> ~~out of six~~ have no capital gains tax at all. <sup>Hong Kong,</sup>

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<sup>er</sup> 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~~<sup>proposed</sup> ~~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 <sup>that for each</sup> a 10% increase in the minimum wage, ~~will~~ ~~result in a loss of~~ one hundred to two hundred thousand jobs. <sup>will be destroyed.</sup>

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.

# 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 | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | MCCLURE    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| SUNUNU         | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | NEWMAN     | <input type="checkbox"/>            | <input type="checkbox"/>            |
| SCOWCROFT      | <input type="checkbox"/>            | <input type="checkbox"/>            | PORTER     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DARMAN         | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | STUDDERT   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| BATES          | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | UNTERMAYER | <input type="checkbox"/>            | <input type="checkbox"/>            |
| BREEDEN        | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | ROGERS     | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CARD           | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | WINSTON    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| CICCONI        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | PINKERTON  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| DEMAREST       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | BOSKIN     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| FITZWATER      | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |
| GRAY           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |
| HAGIN          | <input type="checkbox"/>            | <input type="checkbox"/>            | _____      | <input type="checkbox"/>            | <input type="checkbox"/>            |

## REMARKS:

Please 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*  
*GBW*  
*4/26*

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

THE WHITE HOUSE

WASHINGTON

OFFICE OF COMMUNICATIONS

FAX MESSAGE

DATE: 4/25/89 TIME: 705 am pm

TO:

David Bernares

FROM:

Chris Winston

9 of pages including this cover sheet

Machine messed  
up. Sending  
again!

Transmission problems? Call the sender at 202-456-2930  
or call 202-456-2930

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

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 the 77th month of 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. In

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.

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.

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%. 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.

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

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: DANIEL MCGROARTY *DMG*

THROUGH: CHRISS WINSTON *W*

SUBJECT: CHAMBER OF COMMERCE SPEECH

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 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're cutting the deficit by two-thirds, from a high of 6.3% of GNP in 1983, to a projected 1.7% 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.

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.

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 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.