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Series: Speech File Draft Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13555
Folder ID Number: 13555-008

Folder Title:
Economic Club of New York 2/6/91 [OA 6029]

Stack:	Row:	Section:	Shelf:	Position:
G	26	16	6	5

WHITE HOUSE STAFFING MEMORANDUM

91 FEB 4 10:29

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
 NEW YORK HILTON, NEW YORK CITY
 SUBJECT: WEDNESDAY, FEBRUARY 6, 1991

	ACTION FYI		ACTION FYI	
<i>Lundsgaard</i> VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input checked="" type="checkbox"/> <input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	NEWMAN	<input type="checkbox"/> <input type="checkbox"/>
SCOWCROFT <i>poor leg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER <i>- Roger wants to talk to you</i>	<input checked="" type="checkbox"/> <input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/> <input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMEYER	<input type="checkbox"/> <input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/> <input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN <i>- wants to be called - n/r</i>	<input checked="" type="checkbox"/> <input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/> <input type="checkbox"/>
HOLIDAY <i>COMMERCE STILL COMING</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/> <input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

PHILLIP D. BRADY
 Assistant to the President
 and Staff Secretary
 Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each ^{one} of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. ^{nted State of America} \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, ^{and} for the United Nations itself.

We were patient, ^{and} We were cautious. ~~We were slow to anger.~~
But when the moment of truth came, America and the world did ~~the~~ ^{what was moral, what was just, and what was right.} ~~right thing.~~

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies do intend to finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates -- where civilization began -- civilization ^{ed behavior} can begin anew. We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. ~~Tonight,~~ Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so ~~tonight,~~ let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said ~~last week~~ ^{in my State of the Union Address.} that "We are the Nation that can shape the future." And shaping the future is a job that begins at home.

Long-term ^{economic} growth is ^{central} key to quality of life ^{for} in America's families, quality of decency ^{for} in America's communities, and to ~~the~~ quality of leadership ^{can bring in its} in America's special role as the world's leading diplomatic, cultural, and economic power.

~~Despite present obstacles, we meet in an era of sustained and unprecedented growth. It began almost nine years ago~~ ^{Just over eight} ~~the~~ longest peacetime expansion in American history ^{began} Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse ~~private~~ economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. ^{got extremely,} When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

current recession

But make no mistake: The ~~downturn in the U.S. economy~~ in the ~~latter part of 1990~~ does not signal any decline in ~~its~~ *the of our economy!* fundamental, long-term health or basic vitality. America is home to the largest, most productive economy on Earth. America is a "can do" nation. ~~And today, America is on the road back.~~

My Administration's economic policies are designed to ~~not only mitigate the current downturn -- but also~~ strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in my State of the Union Address: **Encouraging economic growth; investing in the future; and giving power and opportunity to the individual.** \\\

Encouraging economic growth means reducing ~~the~~ federal borrowing -- by ~~reducing~~ *cutting the growth of* **Federal spending** now. That's why we sent Congress a ^{proposal} ~~budget~~ that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions ^{and} with enforceable spending caps -- aimed at *nett a billion dollars.* cutting the growth of debt by nearly ~~\$500 billion~~.

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings accounts; penalty-free ^{IRA} withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains. \\\

We must also renew our investments in America's future. That means investing in the education and safety of our ^{children.} ~~kids~~.

Investing in the infrastructure of our ~~financial and~~ transportation systems. [↑] Investing in high technology and in space -- to

Investing in reforms for the financial services system.

To ensure economic growth, this Administration will also redouble its efforts to need out counterproductive government regulations. The market must be allowed to work without unnecessary federal intervention.

the Moon and Mars and beyond.

The ~~Budget~~ ^{proposal} we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. ~~Our Budget~~ ^{It} also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ But our most important investment isn't in machines -- it's in the people they're designed to serve. Together with the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But ~~don't~~ ^{we won't} sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled yesterday puts greater reliance on the discipline of the marketplace. By allowing non-banks to invest in banking, it provides ^{opportunities} a fresh infusion of capital. By permitting nationwide banking, we can withstand regional downturns and provide economies of scale. And product diversification will provide greater competition, better service, and decreased risk.

The challenges ahead are great. But ~~thanks to~~ ^{because of} all these

efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

A healthy

This sense of confidence is backed by the facts. ~~The good~~

~~news runs broad and deep.~~ Inflation's been kept under control. ~~Interest~~

rates are beginning to decline further.

The trade deficit declined for the third year in a row. Inven-

tories have been kept down, ~~mitigating~~ *reducing* the need for production

cuts to work off excess inventory. Because our major trading

partners are seeing *relatively* strong growth, and ~~strong currencies~~ the

price of U.S. exports on world markets will remain low, ~~meaning~~

the pace of U.S. exports will continue to set record highs.

~~Productivity in manufacturing continues its impressive growth.~~

insert A

Even oil prices have fallen substantially since their peaks

in October, especially since the start of ^{*Operation*} Desert Storm. And in

this way, the first-rate performance of American and Allied

troops has already helped to preserve the global economic

prosperity so crucial to achieving real peace. ^{*Finally,*}

In addition, insert B

~~And don't forget another underlying strength.~~ The flexi-

bility of America's free market economy enables it to adapt to

challenges and to make the most of new opportunities. Let me

give you one example: When the "Revolution of '89" suddenly

transformed a continent, American business^s stood ready. G.E.'s

Jack Welch ^{*weighed*} stepped in with a \$150 million joint venture with

Tungsraum in Hungary. ~~Marriott~~ ^{*Draw Lewis*} launched a major joint venture

~~with LOT, the Polish airline, for a hotel-office complex in~~

~~central Warsaw.~~ And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan. And in the new ^{proposal} Budget, my Administration is committed to help and committed to lead: I asked Congress for [~~\$400~~ million] in new grant assistance for Eastern Europe -- ~~a 50 percent increase over last year's initiative.~~

History is moving decisively in favor of freedom -- thanks, in large part, to American ^{ideas and} perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, ~~free movement~~, free speech, and free elections. America ^{has} lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we have not come through 215 years of history, fighting for principle and doing the hard work of freedom, only to back down now. \\\

Thank you. God bless ^{the} ~~our~~ troops in the Gulf. And God bless the United States of America.

#

INSERT, page 5

To build a new, peaceful world order, we must also secure the democratic gains of the past year. I am thinking especially of the "revolutions of '89" in central and eastern Europe. These new democracies inspire us all with their commitment to free societies and market economies, but they face daunting obstacles inherited from the Communist past, as well as severe new economic problems brought on by lost markets and higher oil prices.

Despite the enormous burden we are bearing in the Gulf, I have asked Congress for half again as much as last year's budget request for central and eastern Europe -- up to roughly half a billion dollars in grant assistance. And our Western economic partners are stepping up to this challenge as well.

THE WHITE HOUSE
WASHINGTON

February 4, 1991

Chris -

I would have thought
"The Economic Club" speech
would be less rah-rah and
more substantive / thoughtful.
I'm afraid our suggested
changes don't help much in
that regard.

Bob Gates

0856

WHITE HOUSE STAFFING MEMORANDUM

08 FEB 4 P 4:19

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

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NEW YORK HILTON, NEW YORK CITY

SUBJECT: WEDNESDAY, FEBRUARY 6, 1991

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

TO: CHRISS WINSTON

The NSC concurs with changes, as noted.

Brent Scowcroft

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

cc: Phillip Brady

31 FEB 4 9:4:10

91 FEB 4 A10:20

RECEIVED

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, for the United Nations itself.

We were patient. We were cautious. ~~We were slow to anger.~~ ^{anger was the word}
But when the moment of truth came, America and the world ~~did the right thing.~~ ^{stood for a world order based on law and determined that aggression had no place in it.}
We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies do intend to finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates -- where civilization began -- civilization can begin anew. We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Tonight, our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so tonight, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said last week that "We are the Nation that can shape the future." And shaping the future is a job that begins at home.

Long-term growth is ^{central} key to ^{for} quality of life ⁱⁿ America's families, quality of decency ⁱⁿ America's communities, and to ^{the} quality of leadership ⁱⁿ America ^{can bring in its} s/special role as the world's leading diplomatic, cultural, and economic power.

Despite present obstacles, we meet in an era of sustained and unprecedented growth. It began almost nine years ago -- the longest peacetime expansion in American history. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse private economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The downturn in the U.S. economy in the latter part of 1990 does not signal any decline in its fundamental, long-term health or basic vitality. America is home to the largest, most productive economy on Earth. America is a "can do" nation. And today, America is on the road back.

My Administration's economic policies are designed ^{to} not only ^{to} mitigate the current downturn -- but also ^{to} strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in my State of the Union Address: Encouraging economic growth; investing in the future; and giving power and opportunity to the individual. \\\

Encouraging economic growth means reducing Federal borrowing -- by reducing Federal spending now. That's why we sent Congress a Budget that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions with enforceable spending caps -- aimed at cutting the growth of debt by nearly \$500 billion.

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings accounts; penalty-free withdrawals for first-time home buyers; and yes -- ^{and additional regulatory reform to unleash the productive energy of the American} a reduced tax for long-term capital gains! \\\

We must also renew our investments in America's future. ^{the American economy.} That means investing in the education and safety of our ^{children} kids ^{street}. Investing in the infrastructure of our financial and transportation systems. Investing in high technology and in space -- to

the Moon and Mars and beyond.

The Budget we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. Our Budget also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ But our most important investment isn't in machines -- it's in the people they're designed to serve. Together with the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But don't sell our ^{children} kids ^{short} short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled yesterday puts greater reliance on the discipline of the marketplace. By allowing non-banks to invest in banking, it provides a fresh infusion of capital. By permitting nationwide banking, we can withstand regional downturns and provide economies of scale. And product diversification will provide greater competition, better service, and decreased risk.

The challenges ahead are great. But thanks to all these

efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: **While our economy may be beset by difficulty -- it should not be beset by doubt.** \\\

This sense of confidence is backed by the facts. The good news runs broad and deep: Inflation's been kept under control. The trade deficit declined for the third year in a row. Inventories have been kept down, mitigating the need for production cuts to work off excess inventory. Because our major trading partners are seeing strong growth and strong currencies, the price of U.S. exports on world markets will remain low -- meaning the pace of U.S. exports will continue to set record highs. Productivity in manufacturing continues its impressive growth.

*Interest rates are declining
Ask CEA for language*

Even oil prices have fallen substantially since their peaks in October, especially since the start of Desert Storm. And in this way, the first-rate performance of American and Allied troops has already helped to preserve the global economic prosperity so crucial to achieving real peace.

INSERT

With their great human potential and commitment to
~~And don't forget another underlying strength: The flexibility of America's free market economy enables it to adapt to Europe offer real opportunities for U.S. trade and investment. challenges and to make the most of new opportunities. Let me I urge American business to seize these opportunities, give you one example: When the "Revolution of '89" suddenly as many are doing.~~
~~transformed a continent, American business stood ready.~~ G.E.'s

Jack Welch stepped in with a \$150 million joint venture with Tungsram in Hungary. Marriott launched a major joint venture with LOT, the Polish airline, for a hotel-office complex in

move to middle of p. 6

✓

central Warsaw. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we ~~can~~ ^{have begun to} now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan. ~~And in the new Budget, my Administration is committed to help and committed to lead: I asked Congress for [\$470 million] in new grant assistance for Eastern~~

~~Europe -- a 50 percent increase over last year's initiative, despite our overall budget austerity. The US government is investing heavily in Eastern~~ History is moving decisively in favor of freedom -- thanks, Europe's

in large part, to American perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free movement, free speech, and free elections. America's lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. ~~I can assure you -- America, and the world -- that we have not come through 215 years of history, fighting for principle and doing the hard work of freedom, only to back down now.~~

Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

The sentence is long enough that the antecedent to the concluding phrase is lost - thus "backing down."

DRAFT

INSERT TO ECONOMIC CLUB OF NEW YORK SPEECH

Page 5, last paragraph
(insert is underlined)

And don't forget another underlying strength: The flexibility of America's free market economy. To preserve this flexibility, we must keep our markets open and hold government restrictions to a minimum. This is not easy. We all have a natural urge for security. In the business world, security too, often means keeping out the competition. For the sake of future generations of Americans, we must fight this urge. That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we are about in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. Finally, my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the western hemisphere.

Naturally, we all want security. However,

~~A flexible American economy enables it to adapt to...~~

*insert
A*

we must level the playing field so that international trade is free and fair.

DRAFT

*insert
B*

DRAFT

The Administration shortly will ~~be~~ ^e releasing its National Energy Strategy. The strategy will propose federal, state and private sector initiatives ~~that will~~ ^{to} increase energy efficiency and conservation. It ~~will both promote~~ ^{RECOGNIZES THE NEED FOR SUSTAINED} economic growth and create ^{ING} a ~~cleaner~~ ^g, safer ^g environment.

A key goal of the Administration's strategy ~~will be~~ ^{is} to reduce our vulnerability to foreign oil supply disruptions. Some, however, will suggest that enhancing our energy security is not enough, and that we should embark on ^{drastic} measures designed to achieve ^{total} energy independence, such as ~~oil import fees, high gas taxes, massive subsidies for synthetic fuels or costly production~~

~~mandates. We cannot cut ourselves off from the rest of the world. No combination of measures will yield independence.~~ ^{Let me tell you: we are a long way from total energy independence. Such measures would hurt American consumers, cost jobs, and harm U.S. industries.} *there's no doubt we must begin reducing our energy vulnerability now.*

~~No single policy tool can ensure America's energy security. Rather, reducing our vulnerability to oil supply disruptions will require a broad and balanced array of actions -- conservation and efficiency measures, new production steps, deregulatory actions and investments in promising energy technologies. The Administration will take ^{IS THE} ~~this~~ ^{prudent} kind of balanced and comprehensive approach.~~ ^{my ADMINISTRATION WILL TAKE.}

February 4, 1991

MEMORANDUM FOR CHRISS WINSTON

FROM: CAROL BLYMIRE

SUBJECT: FACT-CHECKING CHANGES/SUGGESTIONS

Chriss, below please find the suggested changes/revisions for the address to the Economic Club of New York. Factually, it is pretty sound, since most of it was drawn directly from the State of the Union.

PAGE 1

Para. 1, sent. 2; Change to "And I thank each one of you...", also, spell out "United States of America", instead of "U.S.A."

Para. 2, sent. 1; Delete "for" before "this country". Replace "for" with "and" before "the United Nations", and delete "itself".

Para. 3, sent. 3; "We were slow to anger." -- this is not true. I think the President was probably very angry, as was the country, especially with the hostage situation.

Para. 6, sent. 2; Change "it's" to "this is".

Para. 8, sent. 3; "an" should be before historic.

Para. 8, sent. 4; I'm not really crazy about the whole sentence. It kind of sounds like we're going to nuke the place and make them start all over. I spoke with Bob Hutchings about it and he agreed that it was harsh and didn't sit well with him. He told me he didn't comment on the draft because he didn't want to criticize non-NSC matters.

PAGE 2

Para. 1, sent. 2; Delete "Tonight", and start sentence with "Our efforts..." since the efforts we put forth are not taking place only "tonight".

Para. 1, sent. 3; Delete "tonight".

Para. 2, sent. 1; Insert "in my State of the Union Address" before "that 'We are..."

Para. 5, sent. 3 and 4; Combine this two to read "Business and consumer confidence fell, and oil prices rose." I think it serves the next sentence better since it starts out with "Taken together..."

PAGE 3

Para. 1, sent. 4; "America is on the road back" is an awkward sentence. Maybe "America is getting back on track"?

Para. 2, sent. 1; Move the word "to" in front of "mitigate", no split infinitives in this speech! Add "to" before "strengthen".

Para. 3, sent. 1; Lowercase "f"s in federal.

Para. 3, sent. 2; Lowercase "b" in budget. I remember during the last round of budget rhetoric, we called it a budget **proposal** before it was passed.

Para. 4, sent. 2; Replace semi-colons with commas.

Para. 5, sent. 2; I suggest replacing "kids" with "children".

PAGE 4

Para. 1, sent. 1; Again, lowercase "b" in budget, and "proposal" inserted.

Para. 1, sent. 2; Delete "Our budget" and replace with "It".

Para. 1, sent. 4; This section does not blend well with the previous technology section. I suggest deleting this altogether, or creating an entire education paragraph.

Para. 2, sent. 2; Change "don't" to "we can't".

Para. 2, sent. 3; Since Ed doesn't source the quote, this sentence sounds as if the observer was with the President. I don't think it would be wise to allude that people associated with the President doesn't have faith in young people today.

Para. 4, sent. 2; Change "thanks to" to "because of".

PAGE 5

Para. 1, sent. 1; Change to "... backed by fact."

Para. 1, sent. 2; Change "Inflation's..." to "Inflation has been..."

Para. 1, sent. 4; Change "mitigating" to "alleviating".

Para. 1, sent. 5; David Walters, the Chief Economist at USTR informed me that only strong currencies influence the price of exports. However, both strong growth and strong currency influence the pace.

Para. 1, sent. 6; Mr. Walters also suggests deleting this entire sentence. I concur, since the 11am news summary featured an item that says, and I quote, "American workers' productivity in 1990 plunged at its sharpest rate since the last recession, marking the first time in a decade that productivity has fallen two years in a row."

Para. 2, sent. 1; Insert "Operation" before "Desert Storm".

Para. 3, sent. 1; Change "don't" to "we can't".

Para. 3, sent. 2; Change "business" to "businesses"

PAGE 6

Para. 1, sent. 3; Again, lowercase "b", and insert "proposal".

Para. 2, sent. 2; Delete "Free movement". Americans have not had free movement for the last 200 years (i.e. slavery, segregation, etc.). With all the hullabaloo about the Civil Rights Act veto, I think we should cut it.

Para. 2, sent. 3; Change "America's" to "America has".

Para. 4, sent. 2; Change to "God bless the troops in the Gulf, and the United States of America."

*** END ***

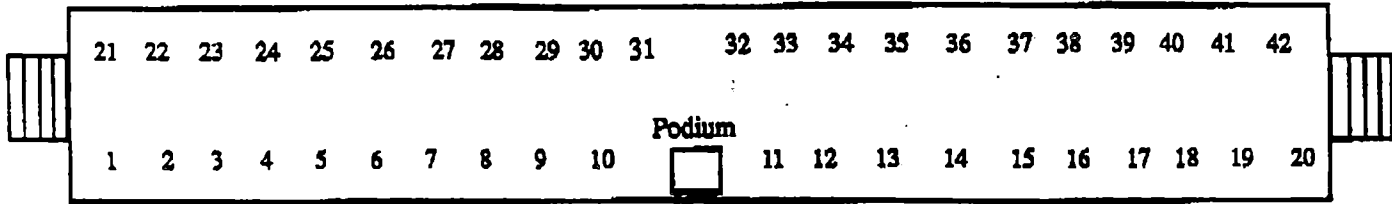
ACKNOWLEDGEMENTS

Secretary Nicholas Brady

Raymond Price, President of the NY Economic Club

-- There are a number of corporate CEOs, etc. who are on the lower and upper dais, as well as on the podium with the President. They are too numerous to mention individually. See the attached list.

NEW YORK, NEW YORK
 New York Hilton Grand Ballroom
 Address Economic Club of New York
 Dais Diagram
 Wednesday, February 6, 1991



Lower Dais

1. Mr. Peter R. Scanlon, Chairman, Cooper & Lybrand
2. Mr. Dwayns O. Andreas, Chairman, Archer Daniels Midland Company
3. Mr. Henry Kaufman, President, Henry Kaufman & Company
4. Mr. Daniel P. Tully, President, Merrill Lynch & Company
5. Mr. Harold Burson, Chairman, Burson-Marsteller
6. Secretary Nicholas Brady, Secretary of the Treasury
7. Mr. David Rockefeller, The Rockefeller Group
8. Mr. V. Araskog, Chairman, ITT Corporation
9. THE PRESIDENT
10. Mr. Richard A. Voell, President, The Rockefeller Group and Chairman, The Economic Club of New York

PODIUM

11. Mr. Peter G. Peterson, Chairman, The Blackstone Group
12. Mrs. Bush
13. Mr. John C. Whitehead, Chairman, AEA Investors
14. Mr. Dennis Weatherstone, Chairman, J.P. Morgan & Company, Inc
15. Mr. John F. Welch, Chairman, General Electric Company
16. Mr. David Hartman, President, Rodman - Downs Ltd.
17. Mr. Martin S. Davis, Chairman, Paramount Communications
18. Mr. Richard Gelb, Chairman, Bristol-Myers Squibb Company
19. Mr. Donald B. Marron, Chairman, PaineWebber Group Inc.
20. Mr. John Brademas, President, New York University

UPPER DAIS

21. Mr. Raymond K. Price, President, The Economic Club of New York
22. Mr. John W. Johnstone, Jr., Chairman, Olin Corporation
23. Mr. David R. Baker, Partner, Jones, Day, Reavis & Pough
24. Mr. Robert Van Buren, Chairman, Midlantic Corporation
25. Mr. Lawrence A. Weinbach, Managing Partner-Chief Executive, Arthur-Anderson & Co.
26. Mr. John Gutfreund, Chairman, Solomon Inc.
27. Mr. R. J. Ventres, Chairman, Borden, Inc.
28. Mr. Leonard Garment, Partner, Dickstein, Shapiro, & Morin
29. Mr. E. Gerald Corrigan, President, Federal Reserve Bank of New York
30. Mr. Joni L. Nelson, Partner, Rogers & Wells
31. U.S.S.S.
32. U.S.S.S.
33. Mr. Robert G. Schwartz, Chairman, Metropolitan Life Insurance Company
34. Mr. Thomas S. Johnson, President, Manufacturers Hanover Trust Company
35. Mr. Edward L. Hennessy, Jr., Chairman, Allied-Signal, Inc.
36. Mr. G. G. Michelson, Senior Vice President, R.H. Macy & Co.
37. Mr. Michael I. Sovern, President, Columbia University
38. Mr. Walter V. Shipley, Chairman, Chemical Banking Corp.
39. Mr. John A. Panceri, Chairman, The Manhattan Saving Bank
40. Mr. Edward J. Sawicz, Chairman, Discount Corporation of New York
41. Mr. Leon Hess, Chairman, Amara Hess Corporation
42. Mr. Landon Hilliard, Partner, Brown Brothers Harriman & Co.

THE WHITE HOUSE
WASHINGTON

~~CM - Took to
Sharon to be
staffed per Dz
request.~~
CB

February 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST *DD by CMW*
FROM: EDWARD E. McNALLY *EMW*
SUBJECT: REVISED SPEECH FOR THE ECONOMIC CLUB OF NEW YORK

Attached is a new draft for tomorrow night's address to the Economic Club of New York.

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McNally/Blymire
Feb. 5, 1991
Draft Five (B:ECON-NYC)

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991, 8:30 P.M.

Thank you, Richard [[VOELL, CLUB CH.]]. Sec. Nick Brady.
Ray Price. And thank you, each one of you -- not for standing up
to greet me -- but for standing up for all those fighting against
aggression tonight in the Persian Gulf -- and especially -- the
fighting men and women of the United States of America. \\\

This year marks a defining hour -- a moment of truth -- for
this generation, for this country, and for the United Nations
itself. We were patient and we were cautious. But when the
moment of truth came, America and the world did what was moral,
what was just, and what was right.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we
announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a
conflict we did not seek and did not begin. But ladies and
gentlemen -- it's one we and our allies will finish. \\\

Tonight we are on course and on schedule. Mission by mission,
hour by hour, Iraq's capacity to wage war is being systematically
destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will
prevail. And when we do, we will have before us an historic
opportunity. From the confluence of the Tigris and Euphrates --
where civilization began -- civilized behavior can begin anew.

We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. **Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.**

I said in my State of the Union Address that "We are the Nation that can shape the future." And shaping the future is a job that begins at home: Long-term economic growth is central to quality of life for America's families, **quality of decency** for America's communities, and to the **quality of leadership** America can bring in its special role as the world's leading diplomatic, cultural, and economic power.

Just over eight years ago, the longest peacetime expansion in American history began. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the **energies of the most dynamic and diverse economy on Earth.**

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. For example, when Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Inflation worries rose. And interest rates

reflected an extra risk premium. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The current recession does not signal any decline in the fundamental, long-term health or basic vitality of our economy. America is a "can do" nation. America is home to the largest, most productive economy on Earth.

Our Administration's economic policies are designed to strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in the State of the Union Address: Encouraging economic growth; investing in the future; and giving power and opportunity to the individual. \\\

Encouraging economic growth means reducing federal borrowing -- by cutting the growth of federal spending. That's why we sent Congress a budget proposal that holds spending growth below the rate of inflation -- the lowest increase in spending in five years. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions and enforceable spending caps -- aimed at cutting the growth of debt by nearly half a trillion dollars. True, the deficit is high -- unacceptably high. But thanks to the budgetary reforms begun last fall, the deficit will be virtually eliminated by 1995.

To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

We must also fuel economic growth by providing incentives to promote private savings and job-creating investment. Our budget includes tax-free family savings accounts; penalty-free I.R.A. withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains. That will help bring down the cost of capital, which will help American businesses compete overseas.

We must also renew our investments in America's future. That means investing in the education and safety of our children. Investing in the infrastructure of our transportation system. Investing in reforms for the financial services system. Investing in high technology and space -- to the Moon, Mars and beyond.

The budget proposal we sent to Capitol Hill has been well-received. It includes a record \$76 billion for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\ \\ This isn't an investment in machines -- it's an investment in people -- in the scientists, engineers and educators who will produce the advances of the 21st Century. And together with the Nation's Governors, we have launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\ \\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that

young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means modernizing our financial system -- which is exactly what we unveiled yesterday with our banking reform proposals. These reforms will continue to protect every insured depositor in America. But they will also address the reality of the modern financial marketplace by creating a U.S. financial system that is strong and internationally competitive -- one that protects taxpayers, serves consumers, and strengthens our economy. Today, our banking system is under stress. Tomorrow, it should be a world-class system for our world-class economy. That's what our reform proposals would do.

The challenges ahead are great. But because of all these efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

A healthy sense of confidence is backed by the facts. Inflation has been kept under control. Interest rates are beginning to decline further. The trade deficit declined for the third year in a row. Inventories have been kept down, reducing the need for production cuts to work off excess inventory. Because our major trading partners are seeing relatively strong growth, and the price of U.S. exports on world markets remains low, the pace of U.S. exports will continue to set record highs.

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Later this month, the Administration will release its National Energy Strategy. The strategy will propose federal, state and private sector initiatives to increase energy efficiency and conservation. It recognizes the need for sustained economic growth and creating a clean, safe environment.

A key goal of the Administration strategy is to reduce our vulnerability to foreign oil supply disruptions. Some, however, will suggest that enhancing our energy security is not enough, and that we should embark upon more drastic measures designed to achieve total energy independence. Let me tell you: We are a long way from total energy independence. **Unwise and extreme measures would only hurt American consumers, American jobs and American industries.** \\\

There's no doubt we must begin reducing our energy vulnerability now. That will require a broad and balanced array of actions -- conservation and efficiency measures, new production steps, deregulatory actions, and investments in promising energy technologies. **This is the kind of prudent, balanced, and comprehensive approach we will be taking.**

And finally, don't forget another underlying strength of our economy: The flexibility of America's free market system. To preserve this flexibility, we must keep our markets open and hold government restrictions to minimum. **This is not easy.**

Naturally, we all want security. However, often that means keeping out the competition. For the sake of future generations of Americans, we must level the playing field, so that international trade is free -- and fair. \\\

That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we seek in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. And my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the Western Hemisphere.

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Thank you. God bless the troops in the Gulf. And God bless the United States of America.

#

CB

Most updated
To POTUS
2/5 9pm

THE WHITE HOUSE
WASHINGTON

February 5, 1991

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1. Make sure "at home & abroad" is only used on p. 4
2. Quad ✓ corps.
3. ~~Grady quest.~~

McNally/Blymire
Feb. 5, 1991
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Grady

*table 1-1
p. 14 of Part 7*

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#

ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991
8:30 P.M.

THANK YOU, DICK [[VOELL, CLUB CH.]]. SECRETARY
BRADY. RAY PRICE. AND THANK YOU, EACH ONE OF YOU --
NOT FOR STANDING UP TO GREET ME -- BUT FOR STANDING UP
FOR ALL THOSE FIGHTING AGAINST AGGRESSION TONIGHT IN
THE PERSIAN GULF -- AND ESPECIALLY -- THE FIGHTING MEN
AND WOMEN OF THE UNITED STATES OF AMERICA. \\\

((LOOKING AROUND AT THIS DAISS AND AT THE AUDIENCE,
I WONDER WHO'S HOME MINDING THE G.N.P.! \ \ ...SOME
STAR-STUDED AUDIENCE.))

THIS YEAR MARKS A DEFINING HOUR -- A MOMENT OF
TRUTH -- FOR THIS GENERATION, FOR THIS COUNTRY, AND FOR
THE UNITED NATIONS, TOO. WE WERE PATIENT AND WE WERE
CAUTIOUS. BUT WHEN THE MOMENT OF TRUTH CAME, AMERICA
AND THE WORLD DID WHAT WAS MORAL, WHAT WAS JUST, AND
WHAT WAS RIGHT. \\\

WE SAID THE OCCUPATION OF KUWAIT WOULD NOT STAND.

AND THREE WEEKS AGO TONIGHT, AT JUST ABOUT THIS TIME, WE ANNOUNCED THAT THE LIBERATION OF KUWAIT HAD BEGUN. \\\

THREE WEEKS AGO TONIGHT, ALLIED FORCES MOVED TO END A CONFLICT WE DID NOT SEEK AND DID NOT BEGIN. BUT LADIES AND GENTLEMEN -- IT'S ONE WE AND OUR ALLIES WILL FINISH. \\\

TONIGHT WE ARE ON COURSE AND ON SCHEDULE. MISSION BY MISSION, HOUR BY HOUR, IRAQ'S CAPACITY TO WAGE WAR IS BEING SYSTEMATICALLY DESTROYED BY AMERICAN AND COALITION FORCES.

THE ROAD TO REAL PEACE WILL BE LONG AND TOUGH. BUT WE WILL PREVAIL. AND WHEN WE DO, WE WILL HAVE BEFORE US AN HISTORIC OPPORTUNITY. FROM THE CONFLUENCE OF THE TIGRIS AND EUPHRATES -- WHERE CIVILIZATION BEGAN -- CIVILIZED BEHAVIOR CAN BEGIN ANEW. WE CAN BUILD A BETTER WORLD -- A NEW WORLD ORDER. \\\

TONIGHT, THE WORLD IS UNITED BY SHARED COMMITMENTS, SHARED INTERESTS, SHARED HOPES. OUR EFFORTS WILL DETERMINE THE KIND OF LEGACY WE BEQUEATH OUR CHILDREN, THE KIND OF WORLD THEY WILL LIVE IN. AND SO, LET US RE-DEDICATE OURSELVES TO THE IDEALS IN WHICH OUR TROOPS SO RESOLUTELY BELIEVE. BECAUSE IN THE FINAL ANALYSIS, AMERICA AND HER PARTNERS WILL BE MEASURED NOT BY HOW WE WAGE WAR BUT HOW WE MAKE PEACE. \ \ \

I SAID IN MY STATE OF THE UNION ADDRESS THAT "WE ARE THE NATION THAT CAN SHAPE THE FUTURE." AND SHAPING THE FUTURE IS A JOB THAT BEGINS AT HOME: LONG-TERM ECONOMIC GROWTH IS CENTRAL TO QUALITY OF LIFE FOR AMERICA'S FAMILIES, QUALITY OF DECENCY FOR AMERICA'S COMMUNITIES, AND TO THE QUALITY OF LEADERSHIP AMERICA CAN BRING IN ITS SPECIAL ROLE AS THE WORLD'S LEADING DIPLOMATIC, CULTURAL, AND ECONOMIC POWER.

JUST OVER EIGHT YEARS AGO, WHEN WE CAME OUT OF RECESSION, THE LONGEST PEACETIME EXPANSION IN AMERICAN HISTORY BEGAN. WORKING TOGETHER, WE CREATED MILLIONS OF NEW JOBS, AND CUT BOTH INTEREST RATES AND INFLATION IN HALF -- A TRIUMPH DRIVEN BY THE ENERGIES OF THE MOST DYNAMIC AND DIVERSE ECONOMY ON EARTH. \\\

AGAINST THIS BACKGROUND, THE EVENTS OF 1990 SERVED TO REMIND US THAT EVEN A FUNDAMENTALLY HEALTHY ECONOMY FACES THE RISK OF TEMPORARY DISTURBANCES AND SHORT-TERM SETBACKS. FOR EXAMPLE, WHEN IRAQ INVADED KUWAIT IN AUGUST 1990, IT WAS A SHOCK TO THE WORLD'S CONSCIENCE. BUSINESS AND CONSUMER CONFIDENCE FELL. OIL PRICES ROSE. INFLATION WORRIES ROSE. AND INTEREST RATES REFLECTED AN EXTRA RISK PREMIUM. TAKEN TOGETHER, THIS PRODUCED A VERY REAL BLOW TO AN ECONOMY THAT HAD ALREADY SLOWED.

BUT MAKE NO MISTAKE: THE CURRENT RECESSION DOES NOT SIGNAL ANY DECLINE IN THE FUNDAMENTAL, LONG-TERM HEALTH OR BASIC VITALITY OF OUR ECONOMY. AMERICA IS A "CAN DO" NATION. AND AMERICA IS HOME TO THE LARGEST, MOST PRODUCTIVE ECONOMY ON EARTH.

OUR ADMINISTRATION'S ECONOMIC POLICIES ARE DESIGNED TO STRENGTHEN THE FOUNDATION FOR A SOLID RECOVERY AND GUARANTEE THE HIGHEST POSSIBLE RATE OF SUSTAINED ECONOMIC GROWTH. I DESCRIBED THE THREE PILLARS OF THAT FOUNDATION IN THE STATE OF THE UNION ADDRESS: ENCOURAGING ECONOMIC GROWTH; INVESTING IN THE FUTURE; AND GIVING POWER AND OPPORTUNITY TO THE INDIVIDUAL. \ \ \

ENCOURAGING ECONOMIC GROWTH MEANS REDUCING FEDERAL BORROWING -- BY CUTTING THE GROWTH OF FEDERAL SPENDING. THAT'S WHY WE SENT CONGRESS A BUDGET PROPOSAL THAT HOLDS SPENDING GROWTH BELOW THE RATE OF INFLATION -- THE LOWEST INCREASE IN SPENDING IN FIVE YEARS. AND THAT'S WHY THE BUDGET LAW WAS ARMED WITH REAL TEETH -- "PAY-AS-YOU-GO" PROVISIONS AND ENFORCEABLE SPENDING CAPS -- AIMED AT CUTTING THE GROWTH OF DEBT BY NEARLY HALF A TRILLION DOLLARS. TRUE, THE DEFICIT IS HIGH -- UNACCEPTABLY HIGH. THE S & L COSTS, THE WAR, AND THE ECONOMIC DECLINE HAVEN'T HELPED A BIT. BUT THANKS TO THE BUDGETARY REFORMS BEGUN LAST FALL, THE DEFICIT WILL BE VIRTUALLY ELIMINATED BY 1995.

TO ENSURE ECONOMIC GROWTH, THIS ADMINISTRATION WILL ALSO REDOUBLE ITS EFFORTS TO WEED OUT COUNTER-PRODUCTIVE GOVERNMENT REGULATIONS. THE MARKET MUST BE ALLOWED TO WORK WITHOUT UNNECESSARY FEDERAL INTERVENTION. \ \ \

WE MUST ALSO FUEL ECONOMIC GROWTH BY PROVIDING INCENTIVES TO PROMOTE PRIVATE SAVINGS AND JOB-CREATING INVESTMENT. OUR BUDGET INCLUDES TAX-FREE FAMILY SAVINGS ACCOUNTS; PENALTY-FREE I.R.A. WITHDRAWALS FOR FIRST-TIME HOME BUYERS; AND A REDUCED TAX FOR LONG-TERM CAPITAL GAINS. THAT WILL HELP BRING DOWN THE COST OF CAPITAL, WHICH WILL HELP AMERICAN BUSINESSES COMPETE AT HOME AND ABROAD.

WE MUST ALSO RENEW OUR INVESTMENTS IN AMERICA'S FUTURE. THAT MEANS INVESTING IN THE EDUCATION AND SAFETY OF OUR CHILDREN. INVESTING IN THE INFRASTRUCTURE OF OUR TRANSPORTATION SYSTEM. INVESTING IN REFORMS FOR THE FINANCIAL SERVICES SYSTEM. INVESTING IN HIGH TECHNOLOGY AND IN SPACE.

THE BUDGET PROPOSAL WE SENT TO CAPITOL HILL HAS BEEN WELL-RECEIVED. IT INCLUDES A RECORD \$76 BILLION FOR RESEARCH AND DEVELOPMENT, ONE OF THE MOST IMPORTANT INVESTMENTS WE CAN MAKE IN THE LONG-TERM ECONOMIC AND MILITARY STRENGTH OF OUR NATION. IT ALSO RECOGNIZES THAT GOVERNMENT MUST HELP TRANSLATE THE RESULTS OF BASIC RESEARCH INTO THE GENERIC TECHNOLOGIES THAT STRENGTHEN OUR INDUSTRIES AND IMPROVE OUR LIVES. \\\ THIS ISN'T AN INVESTMENT IN MACHINES -- IT'S AN INVESTMENT IN PEOPLE -- IN THE SCIENTISTS, ENGINEERS AND EDUCATORS WHO WILL PRODUCE THE ADVANCES OF THE 21ST CENTURY. AND TOGETHER WITH THE NATION'S GOVERNORS, WE HAVE LAUNCHED A COMPREHENSIVE EFFORT AT REFORM AND RESTRUCTURING, AIMED AT PRODUCING AN EDUCATIONAL RENAISSANCE.

WE'VE STILL GOT A LONG WAY TO GO. BUT WE WON'T SELL OUR KIDS SHORT. AS ONE OBSERVER SAID OF THE TROOPS MANNING PATRIOT MISSILES IN THE GULF: "IN ONE DAY, THEY WIPED OUT THE IDEA THAT YOUNG AMERICANS ARE NOT SMART ENOUGH FOR THE 21ST CENTURY." \\\

INVESTING IN THE FUTURE ALSO MEANS MODERNIZING OUR FINANCIAL SYSTEM -- WHICH IS EXACTLY WHAT OUR ABLE SECRETARY OF THE TREASURY UNVEILED YESTERDAY WITH OUR BANKING REFORM PROPOSALS. THESE REFORMS WILL CONTINUE TO PROTECT EVERY INSURED DEPOSITOR IN AMERICA. BUT THEY WILL ALSO ADDRESS THE REALITY OF THE MODERN FINANCIAL MARKETPLACE BY CREATING A U.S. FINANCIAL SYSTEM THAT PROTECTS TAXPAYERS, SERVES CONSUMERS, AND STRENGTHENS OUR ECONOMY. WE DON'T WANT TO BE BACK AGAIN IN A COUPLE OF YEARS TO DO THIS ALL OVER AGAIN. THAT'S WHY HALF-WAY SOLUTIONS WON'T DO -- WE HAVE TO DO THE WHOLE JOB, AND WE HAVE TO DO IT NOW. \\\

THE CHALLENGES AHEAD ARE GREAT. BUT BY ANY HISTORICAL STANDARD, THE CURRENT DOWNTURN IS EXPECTED TO BE MILD AND BRIEF. AND TODAY IN AMERICA, THE BOTTOM LINE IS THIS: WHILE OUR ECONOMY MAY BE BESET BY DIFFICULTY -- IT SHOULD NOT BE BESET BY DOUBT.\\\

A HEALTHY SENSE OF CONFIDENCE IS BACKED BY THE FACTS. INFLATION HAS BEEN KEPT UNDER CONTROL. INTEREST RATES ARE BEGINNING TO DECLINE FURTHER. THE TRADE DEFICIT DECLINED FOR THE THIRD YEAR IN A ROW. INVENTORIES HAVE BEEN KEPT DOWN, REDUCING THE NEED FOR PRODUCTION CUTS TO WORK OFF EXCESS INVENTORY. BECAUSE OUR MAJOR TRADING PARTNERS ARE SEEING RELATIVELY STRONG GROWTH, AND THE PRICE OF U.S. EXPORTS ON WORLD MARKETS REMAINS LOW, THE PACE OF U.S. EXPORTS WILL CONTINUE TO SET RECORD HIGHS.

IN SPITE OF MANY PRE-WAR PREDICTIONS THAT A GULF WAR WOULD SEND OIL UP TO \$80 A BARREL, OIL PRICES HAVE FALLEN SUBSTANTIALLY SINCE THEIR PEAKS IN OCTOBER, ESPECIALLY SINCE THE START OF OPERATION DESERT STORM. I BELIEVE THAT BY STANDING UP TO AGGRESSION IN THE GULF, WE ARE GUARANTEEING THE FUTURE SECURITY AND STABILITY OF THAT AREA, THAT IS SO VITAL TO GLOBAL ECONOMIC PROSPERITY. \\\

LATER THIS MONTH, THE ADMINISTRATION WILL RELEASE ITS NATIONAL ENERGY STRATEGY. THE STRATEGY WILL PROPOSE FEDERAL, STATE AND PRIVATE SECTOR INITIATIVES TO INCREASE ENERGY EFFICIENCY AND CONSERVATION. IT RECOGNIZES THE NEED FOR CREATING A CLEAN, SAFE ENVIRONMENT. AND IT ALSO RECOGNIZES THAT WE MUST FIND MORE DOMESTIC OIL AND GAS, AND USE MORE ALTERNATIVE SOURCES OF ENERGY.

OUR STRATEGY IS DESIGNED TO REDUCE OUR VULNERABILITY TO FOREIGN OIL SUPPLY DISRUPTIONS. SOME WILL ARGUE THAT REDUCING OUR ENERGY VULNERABILITY IS NOT ENOUGH, AND THAT WE SHOULD EMBARK UPON MORE DRASTIC MEASURES DESIGNED TO ACHIEVE TOTAL ENERGY INDEPENDENCE. THE REALITY IS THAT WE ARE A LONG WAY FROM TOTAL ENERGY INDEPENDENCE. WE MUST AVOID UNWISE AND EXTREME MEASURES THAT WOULD SERIOUSLY HURT AMERICAN CONSUMERS, AMERICAN JOBS, AND AMERICAN INDUSTRIES. \ \ \

YES, WE MUST BEGIN REDUCING OUR ENERGY
VULNERABILITY NOW. OUR NEW STRATEGY WILL DO THAT
BECAUSE IT IS PRUDENT, BALANCED, AND COMPREHENSIVE.

\\

AND FINALLY, DON'T FORGET ANOTHER UNDERLYING
STRENGTH OF OUR ECONOMY: THE FLEXIBILITY OF AMERICA'S
FREE MARKET SYSTEM. TO PRESERVE THIS FLEXIBILITY, WE
MUST KEEP OUR MARKETS OPEN AND HOLD GOVERNMENT
RESTRICTIONS TO A MINIMUM. THIS IS NOT EASY. I WILL
CONTINUE TO OPPOSE PROTECTIONISM, AND CONTINUE TO FIGHT
FOR A LEVEL PLAYING FIELD, SO THAT INTERNATIONAL TRADE
IS FREE -- AND FAIR. \\

THAT IS WHAT WE ARE DOING IN THE URUGUAY ROUND OF
TRADE NEGOTIATIONS -- TRYING TO LOWER BARRIERS TO THE
FREE FLOW OF GOODS AND SERVICES AROUND THE WORLD. THAT
IS ALSO WHAT WE SEEK IN THE NEGOTIATIONS WE WILL LAUNCH
THIS YEAR WITH MEXICO AND CANADA TO CREATE A NORTH
AMERICAN FREE TRADE AREA. AND OUR ENTERPRISE FOR THE
AMERICAS INITIATIVE IS INTENDED TO EXTEND THE BENEFITS
OF FLEXIBILITY THROUGHOUT THE WESTERN HEMISPHERE.

TO BUILD A NEW, PEACEFUL WORLD ORDER, WE MUST ALSO SECURE THE DEMOCRATIC TRIUMPHS OF THE PAST YEAR. I AM THINKING ESPECIALLY OF THE "REVOLUTION OF '89." THE NEW DEMOCRACIES IN CENTRAL AND EASTERN EUROPE INSPIRE US ALL WITH THEIR COMMITMENT TO FREE SOCIETIES AND FREE MARKET ECONOMIES, BUT THEY FACE DAUNTING OBSTACLES FROM THE COMMUNIST PAST, AS WELL AS SEVERE NEW PROBLEMS BROUGHT ON BY LOST MARKETS AND HIGHER OIL PRICES.

OUR ADMINISTRATION IS COMMITTED TO HELP AND COMMITTED TO LEAD: DESPITE THE BURDEN WE ARE BEARING IN THE GULF, I HAVE ASKED CONGRESS FOR \$470 MILLION IN NEW ASSISTANCE FOR CENTRAL AND EASTERN EUROPE, A SUBSTANTIAL INCREASE OVER LAST YEAR'S REQUEST.

FOUR DECADES AGO, THE MARSHALL PLAN HELPED BUILD A WEST EUROPEAN ZONE OF PROSPERITY AND SECURITY THAT GREATLY BENEFITTED THE UNITED STATES. TOGETHER WITH OUR WEST EUROPEAN PARTNERS, WE CAN NOW EXTEND THIS SUCCESS TO CREATE A EUROPE WHOLE AND FREE -- AN ENTIRE CONTINENT OF PROSPERITY AND STABILITY THAT FULFILLS THE VISION OF THE MARSHALL PLAN.

WITH THEIR GREAT HUMAN POTENTIAL AND COMMITMENT TO MARKET ECONOMIC REFORM, CENTRAL AND EASTERN EUROPEAN COUNTRIES OFFER REAL OPPORTUNITIES FOR U.S. TRADE AND INVESTMENT. I URGE AMERICAN BUSINESS TO SEIZE THESE OPPORTUNITIES, AS MANY ARE DOING. G.E.'S JACK WELCH WEIGHED IN WITH A \$150 MILLION JOINT VENTURE WITH TUNGSRAM IN HUNGARY. UNION PACIFIC'S DREW LEWIS STEPPED UP TO THE PLATE WITH AN IMPRESSIVE EFFORT TO MODERNIZE POLAND'S RAILROADS. AND BELL ATLANTIC AND U.S. WEST HAVE BEGUN AN \$80 MILLION TELECOMMUNICATIONS VENTURE IN CZECHOSLOVAKIA.

HISTORY IS MOVING DECISIVELY IN FAVOR OF FREEDOM -- THANKS, IN LARGE PART, TO AMERICAN IDEALS AND PERSEVERANCE. THE TOUCHSTONES OF THE MODERN WORLD -- WHICH THE EMERGING DEMOCRACIES ARE NOW STRIVING FOR -- ARE FREE MARKETS, FREE SPEECH, AND FREE ELECTIONS. AMERICA HAS LIVED BY THESE TENETS FOR OVER 200 YEARS. THEY HAVE GIVEN US BOTH OUR POWER -- AND OUR PURPOSE.

\\ \\

THAT IS WHY AMERICA AND OUR ALLIES ARE GOING TO
PREVAIL IN THE GULF. AND THAT IS WHY AMERICA AND OUR
PARTNERS ARE GOING TO PROSPER IN THE YEARS TO COME.
OUR BEST DAYS ARE BEFORE US. AND I CAN ASSURE YOU --
AMERICA, AND THE WORLD -- THAT WE WILL CONTINUE TO
FIGHT FOR PRINCIPLE. WE WILL CONTINUE TO DO THE HARD
WORK OF FREEDOM. \\\

THANK YOU. GOD BLESS THE TROOPS IN THE GULF. AND
GOD BLESS THE UNITED STATES OF AMERICA.

#

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/5/91 ACTION/CONCURRENCE/COMMENT DUE BY: _____

REVISED SPEECH FOR THE ECONOMIC CLUB OF NEW YORK

SUBJECT: _____

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input type="checkbox"/>	MCCLURE	<input 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 checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input type="checkbox"/>	<u>BOSKIN</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GRAY	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

*Please see additional revisions.
Thanks. Kelly Williamson
2-6-91*

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

91 FEB -5 PM 8:40

February 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST *DD by Mal*
FROM: EDWARD E. McNALLY *Mal*
SUBJECT: REVISED SPEECH FOR THE ECONOMIC CLUB OF NEW YORK

Attached is a new draft for tomorrow night's address to the Economic Club of New York.

In addition to incorporating your other changes, this draft also includes the direct reference to the deficit that you asked be included at the bottom of page 3. (Third full paragraph -- last two sentences.)

In response to the argument that the new budget is higher than that of the previous Administration (in terms of spending as a percentage of GNP), the new draft emphasizes the bottom line -- that, simply put, your new budget marks "the lowest increase in spending in five years." (Same paragraph, bottom of page 3.)

The attached draft also incorporates the comments submitted by Richard Darman, as well as a substitute paragraph on the banking reform proposals submitted by the Department of the Treasury (at the top of page 5).

McNally/Blymire
Feb. 5, 1991
Draft Five (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991, 8:30 P.M.**

Thank you, Richard [[VOELL, CLUB CH.]]. Sec. Nick Brady.
Ray Price. And thank you, each one of you -- not for standing up
to greet me -- but for standing up for all those fighting against
aggression tonight in the Persian Gulf -- and especially -- the
fighting men and women of the United States of America. \\\

This year marks a defining hour -- a moment of truth -- for
this generation, for this country, and for the United Nations
itself. We were patient and we were cautious. But when the
moment of truth came, America and the world did what was moral,
what was just, and what was right.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we
announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a
conflict we did not seek and did not begin. But ladies and
gentlemen -- it's one we and our allies will finish. \\\

Tonight we are on course and on schedule. Mission by mission,
hour by hour, Iraq's capacity to wage war is being systematically
destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will
prevail. And when we do, we will have before us an historic
opportunity. From the confluence of the Tigris and Euphrates --
where civilization began -- civilized behavior can begin anew.

We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. **Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.**

I said in my State of the Union Address that "We are the Nation that can shape the future." And shaping the future is a job that begins at home: Long-term economic growth is central to quality of life for America's families, quality of decency for America's communities, and to the quality of leadership America can bring in its special role as the world's leading diplomatic, cultural, and economic power.

Just over eight years ago, the longest peacetime expansion in American history began. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. For example, when Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Inflation worries rose. And interest rates

reflected an extra risk premium. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The current recession does not signal any decline in the fundamental, long-term health or basic vitality of our economy. America is a "can do" nation. America is home to the largest, most productive economy on Earth.

Our Administration's economic policies are designed to strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in the State of the Union Address: Encouraging economic growth; investing in the future; and giving power and opportunity to the individual. \\\

Encouraging economic growth means reducing federal borrowing -- by cutting the growth of federal spending. That's why we sent Congress a budget proposal that holds spending growth below the rate of inflation -- the lowest increase in spending in five years. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions and enforceable spending caps -- aimed at cutting the growth of debt by nearly half a trillion dollars. True, the deficit is high -- unacceptably high. But thanks to the budgetary reforms begun last fall, the deficit will be virtually eliminated by 1995.

To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

We must also fuel economic growth by providing incentives to promote private savings and job-creating investment. Our budget includes tax-free family savings accounts; penalty-free I.R.A. withdrawals for first-time home buyers; ~~and~~ a reduced tax for long-term capital gains. That will help bring down the cost of capital, which will help American businesses compete overseas.

→ that has been removed right?

We must also renew our investments in America's future. That means investing in the education and safety of our children. Investing in the infrastructure of our transportation system. Investing in reforms for the financial services system. Investing in high technology and space -- to the Moon, Mars and beyond.

The budget proposal we sent to Capitol Hill has been well-received. It includes a record \$76 billion for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ This isn't an investment in machines -- it's an investment in people -- in the scientists, engineers and educators who will produce the advances of the 21st Century. And together with the Nation's Governors, we have launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that

young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means modernizing our financial system -- which is exactly what we unveiled yesterday with our banking reform proposals. These reforms will continue to protect every insured depositor in America. But they will also address the reality of the modern financial marketplace by creating a U.S. financial system that is strong and internationally competitive ~~one that protects taxpayers, serves consumers, and strengthens our economy.~~ Today, our banking system is under stress. ~~Tomorrow, it should be a world-class system for our world-class economy. That's what our reform proposals would do.~~

where it comes to reform

Brady insert - next page

But I'm concerned that some may want to do only half the job, which would make the problem worse.

The challenges ahead are great. But because of all these efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

A healthy sense of confidence is backed by the facts. Inflation has been kept under control. Interest rates are beginning to decline further. The trade deficit declined for the third year in a row. Inventories have been kept down, reducing the need for production cuts to work off excess inventory. Because our major trading partners are seeing relatively strong growth, and the price of U.S. exports on world markets remains low, the pace of U.S. exports will continue to set record highs.

Even oil prices have fallen substantially since their peaks in October, especially since the start of Operation Desert Storm.

TREASURY INSERT -- NEW YORK ECONOMIC CLUB SPEECH

I'm concerned that some may want to do only half the job, which could make the problem worse, rather than solving it. It'll do no good to reform the deposit insurance system, if we don't also change those outmoded laws that make it hard for the banks to compete. If we fail to do the whole job, we may be back again in a couple of years having to do it all over again.

(This is our counter ~~the~~ criticism saying we are doing too much too soon -- they (Dempster...) say we should narrow our focus & we're saying we should not.)

ECONOMY!!!
We don't want to be back again in a couple of years to do this all over again. That's ^{we have to} what we have to do now. ~~we~~ we have to do the whole job, and do it now.

en 16

Energy
+ Porter
Comments

In standing up to aggression in the Gulf, the first-rate efforts of American and Allied troops have also helped to preserve the global economic prosperity so crucial to achieving real peace.

Later this month, the Administration will release its National Energy Strategy. The strategy will propose federal, state and private sector initiatives to increase energy efficiency and conservation. It recognizes the need for sustained economic growth and creating a clean, safe environment.

~~A key goal of the Administration strategy is~~ ^{OUR} ~~to~~ ^{DESIGNED} reduce our

OK

vulnerability to foreign oil supply disruptions. Some, ~~however,~~

~~will suggest~~ ^{BELIEVE WITH ARGUE} that ~~enhancing~~ ^{REDUCING} our energy ~~security~~ ^{VULNERABILITY} is not enough,

OK

and that we should embark upon more drastic measures designed to

achieve total energy independence. ~~Let me tell you:~~ ^{THE REALITY IS THAT} ~~We are~~ ^{OK} ~~energy~~ ^{NO}

interdependent and we are a

long way from total energy independence. ^{SEEKING IT WOULD REQUIRE} ~~Unwise and extreme~~ ^{NO}

measures ^{THAT} ~~would~~ ^{SERIOUSLY} ~~hurt~~ ^{OK} American consumers, American jobs and American industries. \ \ \

There's no doubt we must ^{HOWEVER,} begin reducing our energy vulnerability now. That will require ~~a broad and balanced array of actions~~ conservation and efficiency measures, new production steps, deregulatory actions, and investments in promising energy technologies. This is the kind of prudent ^{AND} balanced, ~~and comprehensive~~ approach we will be taking.

And finally, don't forget another underlying strength of our economy: The flexibility of America's free market system. To preserve this flexibility, we must keep our markets open and hold government restrictions to minimum. This is not easy.

7

✓ Naturally, ^{Americans job} we all want security. However, ~~often that means~~
✓ ~~keeping out the competition.~~ For the sake of future generations
✓ of Americans, ^{therefore,} we must level the playing field, so that
international trade is free -- and fair. \\\

That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we seek in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. And my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the Western Hemisphere.

To build a new, peaceful world order, we must also secure the democratic triumphs of the past year. I am thinking especially of the "Revolution of '89." The new democracies in central and eastern Europe inspire us all with their commitment to free societies and free market economies, but they face daunting obstacles from the Communist past, as well as severe new problems brought on by lost markets and higher oil prices.

My Administration is committed to help and committed to lead: Despite the burden we are bearing in the Gulf, I have asked Congress for \$470 million in new assistance for central and eastern Europe, a substantial increase over last year.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free --

an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan.

With their great human potential and commitment to market economic reform, central and eastern European countries offer real opportunities for U.S. trade and investment. I urge American business to seize these opportunities, as many are doing. G.E.'s Jack Welch weighed in with a \$150 million joint venture with Tungsram in Hungary. Union Pacific's Drew Lewis stepped up to the plate with an impressive effort to modernize Poland's railroads. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

History is moving decisively in favor of freedom -- thanks, in large part, to American ideals and perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free speech, and free elections. America has lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we will continue to fight for principle. We will continue to do the hard work of freedom. \\\

Thank you. God bless the troops in the Gulf. And God bless the United States of America.

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WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEBRUARY 6, 1991

SUBJECT: _____

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMEYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, for the United Nations itself.

We were patient. We were cautious. We were slow to anger. But when the moment of truth came, America and the world did ~~the~~ *what right thing. was moral, what was just, what was right.*

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

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The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates -- where civilization began -- ~~civilization~~ *ed behavior* can begin anew. We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Tonight, our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so tonight, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

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Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The downturn in the U.S. economy in the latter part of 1990 does not signal any decline in its fundamental, long-term health or basic vitality. America is home to the largest, most productive economy on Earth. America is a "can do" nation. And today, America is on the road back.

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Encouraging economic growth means reducing Federal borrowing -- by reducing Federal spending now. That's why we sent Congress a Budget that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions with enforceable spending caps -- aimed at cutting the growth of debt by nearly \$500 billion.

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings accounts; penalty-free withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains. \\\

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We've still got a long way to go. But don't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st century." \\ \\

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Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan. And in the new Budget, my Administration is committed to help and committed to lead: I asked Congress for [\$470 million] in new grant assistance for Eastern Europe -- a 50 percent increase over last year's initiative.

History is moving decisively in favor of freedom -- thanks, in large part, to American perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free movement, free speech, and free elections. America's lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we have not come through 215 years of history, fighting for principle and doing the hard work of freedom, only to back down now. \\\

Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

Document No. 209756 SS

91 FEB 4 ^{AM: 4:45} WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY

SUBJECT: WEDNESDAY, FEBRUARY 6, 1991

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

I think a small paragraph on our \$15 billion plan for states is needed - and helpful - as much as we're planning to hype it, this speech is gold place for mention

S.R. 1-4-91

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, for the United Nations itself.

We were patient. We were cautious. We were slow to anger. But when the moment of truth came, America and the world did the right thing.

We said the occupation of Kuwait would not stand.

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Carol Blymire —
Which does OMB
Budget ~~is~~ like
* Budget Proposal

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

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NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

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Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

DRAFT

THE WHITE HOUSE

WASHINGTON

February 4, 1991

Roger wants
to talk w/ who-
ever
reconciles
this!

MEMORANDUM FOR CHRISS WINSTON

FROM: ROGER B. PORTER

SUBJECT: Presidential Remarks: Economic Club of New York

I have reviewed the January 31 draft of the President's remarks before the Economic Club of New York and offer the following comments:

- End of page 1. The reference to civilization beginning anew at the confluence of the Tigris and Euphrates may send some unsettling signals to the Arab world regarding ultimate U.S. objectives in the Gulf War. Perhaps this can be prevented by deleting the sentence. ✓
- Page 3, third para. The \$500 billion cut in the growth in debt should be defined in time by adding at the end of the last sentence: "...through fiscal year 1996." ✓
- Page 5, first full para. Delete the phrase "the price of U.S. exports on world markets will remain low -- meaning..." The point on exports is clearer without it. ✓
- Page 5, last para. We suggest inserting a reference to the President's international trade policies, which are designed to preserve flexibility. An economic speech without reference to the Uruguay Round, the Mexico FTA negotiations, and the Enterprise for the Americas Initiative, would be noticed. A suggested insert is provided in the attachment. ✓

Please let me know if I can help in any other way.

Memo by
Steve Faraz

DRAFT



U.S. Department of Commerce
Office of the Secretary

14th & Constitution, N.W.
Washington, D.C. 20230
United States of America



TO: Holly Williamson/Cabinet Affairs

Barb Goldkamp
Director, Executive Secretariat

FROM: _____

SUBJECT: Presidential Remarks: Economic Club of New York

OF PAGES (including cover sheet) 2

REMARKS: "A" Insert on p. 5: "And, just today, Bob Mosbacher of Commerce launched a new, multi-agency initiative in Minneapolis focused on keeping these exports high." *+ on p 5 - word change*

"B" Suggest removing the reference to the Marshall Plan (Administrati position has been to avoid similarities of U.S. aid efforts to E.E. with Marshall Plan following WWII --- the Marshall Plan was approx. 2% of U.S. GNP in first year, equalling about \$100B. Administration has maintained that private sector will be substantially involved in efforts to assist E. Europe, and budget could not withstand "Marshall Plan" like funding.

p# 3 - 1 change

5

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SHOULD NOT REFER TO MARSHALL PLAN. IT WAS 2% OF US GDP, I BELIEVE, IN ITS 1ST YR.

6

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THE PRESS COULD NOTE THE EXTREME DIFF. BETWEEN \$470 MILLION & \$100 BILLION

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**EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS**

February 4, 1991

To: David Demarest

Fr: Michael J. Boskin

**Michael J. Boskin
Chairman**

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEBRUARY 6, 1991

SUBJECT: _____

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

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NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, for the United Nations itself.

We were patient. We were cautious. We were slow to anger. But when the moment of truth came, America and the world did the right thing.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies do intend to finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates -- where civilization began -- civilization can begin anew. We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Tonight, our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so tonight, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said last week that "We are the Nation that can shape the future." And shaping the future is a job that begins at home.

Long-term ^{Economic} growth is key to ^{the} quality of life in America's families, ^{the} quality of decency in America's communities, and to ^{the} quality of leadership in America's special role as the world's leading diplomatic, cultural, and economic power.

coming in recession!
del

Despite present obstacles, we meet in an era of sustained and unprecedented growth. ^{and just now} It ^{began} ~~started~~ ^{eight} years ago -- the longest peacetime expansion in American history. ^{begin} Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse ~~private~~ economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

Could ~~that~~ say
America was in
dark on the
market

3
current recession

But make no mistake: The downturn in the U.S. economy in
the latter part of 1990 does not signal any decline in its
fundamental, long-term health or basic vitality. America is home
to the largest, most productive economy on Earth. America is a
"can do" nation. **And today, America is on the road back.**

not
yet!

I believe
we need
to see
recession
more

My Administration's economic policies are designed to not
only mitigate the current ~~downturn~~ ^{recession} -- but also ^{to} strengthen the
foundation for a solid recovery and the highest possible rate of
sustained economic growth. I described the three pillars of that
foundation in my State of the Union Address: Encouraging
economic growth; investing in the future; and giving power and
opportunity to the individual. \\\

Encouraging economic growth means reducing Federal borrowing
-- by reducing Federal spending now. That's why we sent Congress
a Budget that holds spending growth below the rate of inflation.
And that's why the budget law was armed with real teeth -- "pay-
as-you-go" provisions ^{and} with enforceable spending caps -- aimed at
cutting the growth of debt by nearly ^{a half billion dollars} ~~\$500 billion~~.

We must also fuel economic growth by providing incentives to
promote private savings. That means tax-free family savings
accounts; penalty-free ^{IRA} withdrawals for first-time home buyers; X
and yes -- a reduced tax for long-term capital gains. \\\

The
withdrawals
are from
Individual
Retirement
Accounts

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That means investing in the education and safety of our kids.
Investing in the infrastructure of our financial and transpor-
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The Budget we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. Our Budget also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ But our most important investment isn't in machines -- it's in the people they're designed to serve. Together with the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But don't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled yesterday puts greater reliance on the discipline of the marketplace. By allowing non-banks to invest in banking, it provides a fresh infusion of capital. By permitting nationwide banking, we can withstand regional downturns and provide economies of scale. And product diversification will provide greater competition, better service, and decreased risk.

The challenges ahead are great. But thanks to all these

efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

This sense of confidence is backed by the facts: ~~The good news runs broad and deep~~ Inflation's been kept under control. The trade deficit declined for the third year in a row. Inventories have been kept down, ^{reducing} mitigating the need for production cuts to work off excess inventory. Because our major trading partners are seeing ^{relatively} strong growth and ~~strong currencies~~, the price of U.S. exports on world markets ~~will~~ remain low -- ~~meaning~~ the pace of U.S. exports will continue to set record highs. [Productivity in manufacturing ^{has} continues ^d its impressive growth.]

Even oil prices have fallen substantially since their peaks in October, especially since the start of Desert Storm. And in this way, the first-rate performance of American and Allied troops has already helped to preserve the global economic prosperity so crucial to achieving real peace.

And don't forget another underlying strength: The flexibility of America's free market economy enables it to adapt to challenges and to make the most of new opportunities. Let me give you one example: When the "Revolution of '89" suddenly transformed a continent, American business stood ready. G.E.'s Jack Welch stepped in with a \$150 million joint venture with Tungstraum in Hungary. Marriott launched a major joint venture with LOT, the Polish airline, for a hotel-office complex in

Price to stocks predicted best current situation

1990 QIV was negative strongly positive for year ahead whole

Miscellaneous material from SOU in US Mexico FTA's Encouraging Real American Industrial, and Uruguay had of the FTI as important mobilizing job creating initiative

These are international economic initiatives are mentioned

central Warsaw. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan. And in the new Budget, my Administration is committed to help and committed to lead: I asked Congress for [\$470 million] in new grant assistance for Eastern Europe -- a 50 percent increase over last year's initiative.

*Shelburne
America
perseverance
Chadwick*

*fact
that
I believe
this is
overstated*

History is moving decisively in favor of freedom -- thanks, in large part, to American ^{ideals and} perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free movement, free speech, and free elections. America's lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we have not come through 215 years of history, fighting for principle and doing the hard work of freedom, only to back down now. \\\

Thank you. God bless our troops in the Gulf. And God bless the United States of America.

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WHITE HOUSE STAFFING MEMORANDUM

91 FEB 4 P5:52

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEBRUARY 6, 1991

SUBJECT: _____

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

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RESPONSE:

See comments

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

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Long-term growth is key to quality of life in America's families, quality of decency in America's communities, and to quality of leadership in America's special role as the world's leading diplomatic, cultural, and economic power.

Despite present obstacles, we meet in an era of sustained and unprecedented growth. It began almost nine years ago -- the longest peacetime expansion in American history. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse private economy on Earth.

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But make no mistake: The downturn in the U.S. economy in the latter part of 1990 does not signal any decline in its fundamental, long-term health or basic vitality. America is home to the largest, most productive economy on Earth. America is a "can do" nation. And today, America is on the road back.

My Administration's economic policies are designed to not only mitigate the current downturn -- but also strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in my State of the Union Address: **Encouraging economic growth; investing in the future; and giving power and opportunity to the individual.** \\\

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a Budget that holds spending growth below the rate of inflation.

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We must also renew our investments in America's future.

That means investing in the education and safety of our kids.

Investing in the infrastructure of our ~~financial and~~ transportation systems. Investing in high technology and in space -- to services system to make it ~~more~~ safe and sound.

Encouraging economic growth also means relying on the free operation of our markets and assuring that the government intervenes through regulation only where necessary to provide efficient markets.

MacRee 4852

Ryder X 4516

This is wrong as written. The pay as you go provisions are separate from the caps and they apply to different things.

Dammus 45044

the Moon and Mars and beyond.

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→ See Insert on next page

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Insert 4A

We must, at the same time, ensure that American business does not become mired in unnecessary regulation and thus uncompetitive. Expanded exports, and the jobs associated with them, depend on competitiveness. My Administration remains committed to ensuring that only those regulations which are necessary and cost effective are promulgated.

Hodson
X 6190

efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: **While our economy may be beset by difficulty -- it should not be beset by doubt.** \\\

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J. Burrie
X4770

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NEW YORK HILTON, NEW YORK CITY

SUBJECT: WEDNESDAY, FEBRUARY 6, 1991

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
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DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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RESPONSE:

*See comments. Thanks.
Heley Williamson
(no Commerce yet)
delayed*

PHILLIP D. BRADY
Assistant to the President
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Ext. 2702

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✓ Treasury
This paragraph
suggests
Kuwait is
the whole
reason behind
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problems --
not true.

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And don't forget another underlying strength: The flexibility of America's free market economy enables it to adapt to challenges and to make the most of new opportunities. Let me give you one example: When the "Revolution of '89" suddenly transformed a continent, American business stood ready. G.E.'s Jack Welch ^{weighed} ~~stepped~~ in with a \$150 million joint venture with Tungstraum in Hungary. Marriott launched a major joint venture with LOT, the Polish airline, for a hotel-office complex in

Union Pacific's Drew Lewis stepped up to the plate with an impressive effort to help Poland modernize its railroads.

Treasury

Treasury

Treasury
They question this statement's validity.

OCIA

OCIA
See insert below
It's a good example of help, w/out profit motive
Lewis has been very helpful to lots of Desert Storm

OK

central Warsaw. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan. And in the new Budget, my Administration is committed to help and committed to lead: I asked Congress for ^{\$400 million =} ~~[\$470 million]~~ in new grant assistance for Eastern Europe ~~a 50 percent increase over last year's initiative.~~

✓
Treasurer.
The 400 mil.
is only 8%
(not 50)
increase +
that
shouldn't be
highlighted.

History is moving decisively in favor of freedom -- thanks, in large part, to American perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free movement, free speech, and free elections. America's lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we have not come through 215 years of history, fighting for principle and doing the hard work of freedom, only to back down now. \\\

Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

THE WHITE HOUSE

WASHINGTON

91 FEB 4 P3:50

February 1, 1991

MEMORANDUM FOR CHRISS WINSTON
DEPUTY ASSISTANT TO THE PRESIDENT FOR
COMMUNICATIONS AND DIRECTOR OF SPEECHWRITING

FROM: JEFFREY R. HOLMSTEAD *JRH/km*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Presidential Remarks: Economic Club of New York

Counsel's Office has reviewed the Presidential remarks referenced above and suggests that the following paragraph be inserted on page 3, just after the paragraph that ends with the phrase "aimed at cutting the growth of debt by nearly \$500 billion":

OK To ensure sustained economic growth, we must also work to ~~reduce the burden of government regulation on American businesses and consumers.~~ The market must be allowed to work without unnecessary federal intervention. And this administration will also redouble its efforts to weed out counterproductive ^{government} regulations.

Thank you for the opportunity to review this matter.

Attachment

cc: Phillip D. Brady
Assistant to the President and
Staff Secretary

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEBRUARY 6, 1991

SUBJECT: _____

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

Thank you, _____. And thank you, each of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the U.S.A. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, for the United Nations itself.

We were patient. We were cautious. We were slow to anger. But when the moment of truth came, America and the world did the right thing.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies do intend to finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates -- where civilization began -- civilization can begin anew. We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Tonight, our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so tonight, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said last week that "We are the Nation that can shape the future." And shaping the future is a job that begins at home.

Long-term growth is key to quality of life in America's families, quality of decency in America's communities, and to quality of leadership in America's special role as the world's leading diplomatic, cultural, and economic power.

Despite present obstacles, we meet in an era of sustained and unprecedented growth. It began almost nine years ago -- the longest peacetime expansion in American history. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse private economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The downturn in the U.S. economy in the latter part of 1990 does not signal any decline in its fundamental, long-term health or basic vitality. America is home to the largest, most productive economy on Earth. America is a "can do" nation. And today, America is on the road back.

My Administration's economic policies are designed to not only mitigate the current downturn -- but also strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in my State of the Union Address: **Encouraging economic growth; investing in the future; and giving power and opportunity to the individual.** \\\

Encouraging economic growth means reducing Federal borrowing -- by reducing Federal spending now. That's why we sent Congress a Budget that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions with enforceable spending caps -- aimed at cutting the growth of debt by nearly \$500 billion.

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings accounts; penalty-free withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains. \\\

We must also renew our investments in America's future. That means investing in the education and safety of our kids. Investing in the infrastructure of our financial and transportation systems. Investing in high technology and in space -- to

the Moon and Mars and beyond.

The Budget we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. Our Budget also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\ \\ But our most important investment isn't in machines -- it's in the people they're designed to serve. Together with the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\ \\

We've still got a long way to go. But don't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st century." \\ \\

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efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

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Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

Document No. 209756 SS

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEBRUARY 6, 1991

SUBJECT: _____

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
HOLIDAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide comments/edits on the attached directly to Chriss Winston, Rm. 122, x2930, with a copy to this office by 3:00PM, TODAY, FEBRUARY 4. Thank you.

RESPONSE:

Please see comments

2/4/91

pp 1, 2

91 FEB 4 3:28 PM

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
Jan. 31, 1991
Draft One (B:ECON-NYC)**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991**

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The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us a historic opportunity. From the confluence of the Tigris and Euphrates where civilization began -- civilization can begin anew. We can build a better world -- a new world order. \\\

transition

eg: Here at home our fundamental challenge is to provide an economic environment ~~where~~ to build a sounder future.

Tonight, the world is united by shared commitments, shared interests, shared hopes. Tonight, our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so tonight, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said last week that "We are the Nation that can shape the future." And shaping the future is a job that begins at-home.

Long-term ^{economic} growth is key to quality of life in America's families, ~~quality of decency in America's~~ ^{and} communities, ^{as well as the} ~~and to~~ quality of leadership in America's special role as the world's leading diplomatic, cultural, and economic power.

Despite present obstacles, we meet in an era of sustained and unprecedented growth. It began almost nine years ago -- the longest peacetime expansion in American history. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse private economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. When Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

NATIONAL SECURITY COUNCIL

TO: Ed McNally

From: Meg Lundrager x 3543

NSC comments

O.B.E. - GATES

Document No. 209756 SS

0856

WHITE HOUSE STAFFING MEMORANDUM

DATE: 2/4/91 ACTION/CONCURRENCE/COMMENT DUE BY: 3:00PM, TODAY, FEB. 4

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY

SUBJECT: WEDNESDAY, FEBRUARY 6, 1991

	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 type="checkbox"/>	NEWMAN	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PORTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
DARMAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ROGICH	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GRAY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u> </u>	<input type="checkbox"/>	<input type="checkbox"/>
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PHILLIP D. BRADY
Assistant to the President
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Ext. 2702

91 FEB -4 AM 9:36

McNally/Blymire
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We were patient. We were cautious. ~~We were slow to anger.~~ ^{anger is the word}
But when the moment of truth came, America and the world ~~did the right thing.~~ ^{stood for a world order based on law and determined that aggression had no place in it.}
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We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings accounts; penalty-free withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains! \\\ ^{and additional regulatory reform to unleash the productive energy of the American}

We must also renew our investments in America's future. That means investing in the education and safety of our ^{children} kids ^{economy.} Investing in the infrastructure of our financial and transportation systems. Investing in high technology and in space -- to

the Moon and Mars and beyond.

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*Interest rates are declining
ask C&A for language*

Even oil prices have fallen substantially since their peaks in October, especially since the start of Desert Storm. And in this way, the first-rate performance of American and Allied troops has already helped to preserve the global economic prosperity so crucial to achieving real peace.

INSERT

~~And don't forget another underlying strength: The flexibility of America's free market economy enables it to adapt to Europe offer real opportunities for U.S. trade and investment. challenges and to make the most of new opportunities. Let me I urge American business to seize these opportunities, give you one example: When the "Revolution of '89" suddenly as many are doing. transformed a continent, American business stood ready. G.E.'s Jack Welch stepped in with a \$150 million joint venture with Tungsra~~X~~m in Hungary. Marriott launched a major joint venture with LOT, the Polish airline, for a hotel-office complex in~~

move to middle of p. 6

✓

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~~Europe -- a 50 percent~~ ^{an} ~~increase over last year's initiative, despite our~~ ^{small budget authority.} ~~The US government is investing heavily in Eastern~~
History is moving decisively in favor of freedom -- thanks, Europe's

in large part, to American perseverance. The touchstones of the ^{future, 1903} ~~modern~~ world -- which the emerging democracies are now striving ^{is fighting to do as well} for -- are free markets, free movement, free speech, and free elections. America's lived by these tenets for over 200 years. They have given us both our power and our purpose.

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Thank you. God bless our troops in the Gulf. And God bless the United States of America.

#

INSERT, page 5

To build a new, peaceful world order, we must also secure the democratic gains of the past year. I am thinking especially of the "revolutions of '89" in central and eastern Europe. These new democracies inspire us all with their commitment to free societies and market economies, but they face daunting obstacles inherited from the Communist past, as well as severe new economic problems brought on by lost markets and higher oil prices.

Despite the enormous burden we are bearing in the Gulf, I have asked Congress for half again as much as last year's budget request for central and eastern Europe -- up to roughly half a billion dollars in grant assistance. And our Western economic partners are stepping up to this challenge as well.

FOLDER

THE WHITE HOUSE
WASHINGTON

February 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST *DP by EHW*
FROM: EDWARD E. McNALLY *EHW*
SUBJECT: REVISED SPEECH FOR THE ECONOMIC CLUB OF NEW YORK

Attached is a new draft for tomorrow night's address to the Economic Club of New York.

In addition to incorporating your other changes, this draft also includes the direct reference to the deficit that you asked be included at the bottom of page 3. (Third full paragraph -- last two sentences.)

In response to the argument that the new budget is higher than that of the previous Administration (in terms of spending as a percentage of GNP), the new draft emphasizes the bottom line -- that, simply put, your new budget marks "the lowest increase in spending in five years." (Same paragraph, bottom of page 3.)

The attached draft also incorporates the comments submitted by Richard Darman, as well as a substitute paragraph on the banking reform proposals submitted by the Department of the Treasury (at the top of page 5).

McNally/Blymire
Feb. 5, 1991
Draft Five (B:ECON-NYC)

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991, 8:30 P.M.

Thank you, Richard [[VOELL, CLUB CH.]]. Sec. Nick Brady.
Ray Price. And thank you, each one of you -- not for standing up
to greet me -- but for standing up for all those fighting against
aggression tonight in the Persian Gulf -- and especially -- the
fighting men and women of the United States of America. \\\

This year marks a defining hour -- a moment of truth -- for
this generation, for this country, and for the United Nations
itself. We were patient and we were cautious. But when the
moment of truth came, America and the world did what was moral,
what was just, and what was right.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we
announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a
conflict we did not seek and did not begin. But ladies and
gentlemen -- it's one we and our allies will finish. \\\

Tonight we are on course and on schedule. Mission by mission,
hour by hour, Iraq's capacity to wage war is being systematically
destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will
prevail. And when we do, we will have before us an historic
opportunity. From the confluence of the Tigris and Euphrates --
where civilization began -- civilized behavior can begin anew.

We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. **Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.**

I said in my State of the Union Address that "We are the Nation that can shape the future." And shaping the future is a job that begins at home: Long-term economic growth is central to **quality of life** for America's families, **quality of decency** for America's communities, and to the **quality of leadership** America can bring in its special role as the world's leading diplomatic, cultural, and economic power.

Just over eight years ago, the longest peacetime expansion in American history began. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. For example, when Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil prices rose. Inflation worries rose. And interest rates

reflected an extra risk premium. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The current recession does not signal any decline in the fundamental, long-term health or basic vitality of our economy. America is a "can do" nation. America is home to the largest, most productive economy on Earth.

Our Administration's economic policies are designed to strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in the State of the Union Address: Encouraging economic growth; investing in the future; and giving power and opportunity to the individual. \\\

Encouraging economic growth means reducing federal borrowing -- by cutting the growth of federal spending. That's why we sent Congress a budget proposal that holds spending growth below the rate of inflation -- the lowest increase in spending in five years. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions and enforceable spending caps -- aimed at cutting the growth of debt by nearly half a trillion dollars. True, the deficit is high -- unacceptably high. But thanks to the budgetary reforms begun last fall, the deficit will be virtually eliminated by 1995.

To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

We must also fuel economic growth by providing incentives to promote private savings and job-creating investment. Our budget includes tax-free family savings accounts; penalty-free I.R.A. withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains. That will help bring down the cost of capital, which will help American businesses compete overseas.

We must also renew our investments in America's future. That means investing in the education and safety of our children. Investing in the infrastructure of our transportation system. Investing in reforms for the financial services system. Investing in high technology and space -- to the Moon, Mars and beyond.

The budget proposal we sent to Capitol Hill has been well-received. It includes a record \$76 billion for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\ \\ This isn't an investment in machines -- it's an investment in people -- in the scientists, engineers and educators who will produce the advances of the 21st Century. And together with the Nation's Governors, we have launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\ \\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that

young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means modernizing our financial system -- which is exactly what we unveiled yesterday with our banking reform proposals. These reforms will continue to protect every insured depositor in America. But they will also address the reality of the modern financial marketplace by creating a U.S. financial system that is strong and internationally competitive -- one that protects taxpayers, serves consumers, and strengthens our economy. Today, our banking system is under stress. Tomorrow, it should be a world-class system for our world-class economy. That's what our reform proposals would do.

The challenges ahead are great. But because of all these efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

A healthy sense of confidence is backed by the facts. Inflation has been kept under control. Interest rates are beginning to decline further. The trade deficit declined for the third year in a row. Inventories have been kept down, reducing the need for production cuts to work off excess inventory. Because our major trading partners are seeing relatively strong growth, and the price of U.S. exports on world markets remains low, the pace of U.S. exports will continue to set record highs.

Even oil prices have fallen substantially since their peaks in October, especially since the start of Operation Desert Storm.

In standing up to aggression in the Gulf, the first-rate efforts of American and Allied troops have also helped to preserve the global economic prosperity so crucial to achieving real peace.

Later this month, the Administration will release its National Energy Strategy. The strategy will propose federal, state and private sector initiatives to increase energy efficiency and conservation. It recognizes the need for sustained economic growth and creating a clean, safe environment.

A key goal of the Administration strategy is to reduce our vulnerability to foreign oil supply disruptions. Some, however, will suggest that enhancing our energy security is not enough, and that we should embark upon more drastic measures designed to achieve total energy independence. Let me tell you: We are a long way from total energy independence. **Unwise and extreme measures would only hurt American consumers, American jobs and American industries.** \\\

There's no doubt we must begin reducing our energy vulnerability now. That will require a broad and balanced array of actions -- conservation and efficiency measures, new production steps, deregulatory actions, and investments in promising energy technologies. **This is the kind of prudent, balanced, and comprehensive approach we will be taking.**

And finally, don't forget another underlying strength of our economy: The flexibility of America's free market system. To preserve this flexibility, we must keep our markets open and hold government restrictions to minimum. **This is not easy.**

Naturally, we all want security. However, often that means keeping out the competition. For the sake of future generations of Americans, we must level the playing field, so that international trade is free -- and fair. \\\

That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we seek in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. And my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the Western Hemisphere.

To build a new, peaceful world order, we must also secure the democratic triumphs of the past year. I am thinking especially of the "Revolution of '89." The new democracies in central and eastern Europe inspire us all with their commitment to free societies and free market economies, but they face daunting obstacles from the Communist past, as well as severe new problems brought on by lost markets and higher oil prices.

My Administration is committed to help and committed to lead: Despite the burden we are bearing in the Gulf, I have asked Congress for \$470 million in new assistance for central and eastern Europe, a substantial increase over last year.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free --

an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan.

With their great human potential and commitment to market economic reform, central and eastern European countries offer real opportunities for U.S. trade and investment. I urge American business to seize these opportunities, as many are doing. G.E.'s Jack Welch weighed in with a \$150 million joint venture with Tungsram in Hungary. Union Pacific's Drew Lewis stepped up to the plate with an impressive effort to modernize Poland's railroads. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

History is moving decisively in favor of freedom -- thanks, in large part, to American ideals and perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free speech, and free elections. America has lived by these tenets for over 200 years. They have given us both our power and our purpose.

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we will continue to fight for principle. We will continue to do the hard work of freedom. \\\

Thank you. God bless the troops in the Gulf. And God bless the United States of America.

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THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

91 FEB -5 AM 8:08

February 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH: DAVID DEMAREST *DD*
FROM: EDWARD E. McNALLY
SUBJECT: ADDRESS TO THE ECONOMIC CLUB OF NEW YORK

I. SUMMARY

On Wednesday, February 6, at 8:30 p.m., you are scheduled to address approximately 2,400 C.E.O.'s and other attendees at a dinner hosted by the Economic Club of New York.

II. DISCUSSION

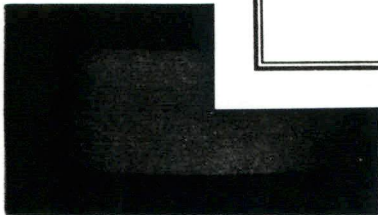
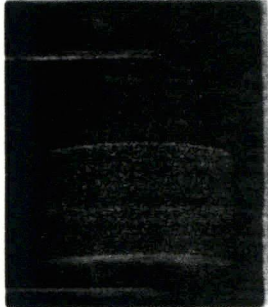
This address (15 minutes, on teleprompter) presents an upbeat view of the economy, building on three recent events: your State of the Union Address, the Administration's budget proposal, and the new banking package. (The draft also takes note of the upcoming release of the Administration's National Energy Strategy, scheduled for later this month.)

The attached draft was prepared with guidance from General Scowcroft, Chairman Boskin, Roger Porter, Dr. Bromley, and the Departments of Treasury and Commerce and OMB.



GEORGE BUSH

I think we need some mention about the
deficit...large and horrible though
it is maybe a sentence or 2
at "A" on ppage 3



THE PRESIDENT HAS SEEN
THE PRESIDENT HAS SEEN
THE PRESIDENT HAS SEEN

McNally/Blymire
Feb. 4, 1991
Draft Three (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991, 8:30 P.M.**

Thank you, _____. And thank you, each one of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the United States of America. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, and for the United Nations itself. We were patient and we were cautious. But when the moment of truth came, America and the world did what was moral, what was just, and what was right.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies (do intend to) finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us an historic opportunity. From the confluence of the Tigris and Euphrates --

where civilization began -- civilized behavior can begin anew.
We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. **Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.**

I said in my State of the Union Address that "We are the Nation that can shape the future." And shaping the future is a job that begins at home: Long-term economic growth is central to **quality of life** for America's families, **quality of decency** for America's communities, and to the **quality of leadership** America can bring in its special role as the world's leading diplomatic, cultural, and economic power.


Just over eight years ago, the longest peacetime expansion in American history began. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. For example, when Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil



GEORGE BUSH

Somewhere in here can we reply
to the argument made in todays
WSJ that our budget was much higher
than Reagan's in terms of spend-
as % of GNP.... (Ed page 2-5-)



prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

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OW
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Encouraging economic growth means reducing federal borrowing -- by cutting the growth of federal spending now. That's why we sent Congress a budget proposal that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions and enforceable spending caps -- aimed at cutting the growth of debt by nearly half a billion dollars.

To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings

Can we

accounts; penalty-free I.R.A. withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains.

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Investing in the infrastructure of our transportation system.

Investing in reforms for the financial services system.

Investing in high technology and in space -- to the Moon and Mars and beyond.

Put in Total R. D Dollars ??

has been well received - IT

The budget proposal we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ **But our most important investment isn't in machines -- it's in the people they're designed to serve.** Together with the Nation's Governors, ~~my Administration~~ *we have* has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled

yesterday puts greater reliance on the discipline of the marketplace. By allowing non-banks to invest in banking, it provides opportunities for a fresh infusion of capital. By permitting nationwide banking, we can withstand regional downturns and provide economies of scale. And product diversification will provide greater competition, better service, and decreased risk.

The challenges ahead are great. But because of all these efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: **While our economy may be beset by difficulty -- it should not be beset by doubt.** \\\

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what way
Federal Deficit missing!!!

Later this month, the Administration will release its National Energy Strategy. The strategy will propose federal, state and private sector initiatives to increase energy efficiency and conservation. It recognizes the need for sustained economic growth and creating a clean, safe environment.

A key goal of the Administration strategy is to reduce our vulnerability to foreign oil supply disruptions. Some, however, will suggest that enhancing our energy security is not enough, and that we should embark upon drastic measures designed to achieve total energy independence. Let me tell you: We are a long way from total energy independence. **Unwise and extreme measures would only hurt American consumers, American jobs and American industries.** \\\

There's no doubt we must begin reducing our energy vulnerability now. That will require a broad and balanced array of actions -- conservation and efficiency measures, new production steps, deregulatory actions, and investments in promising energy technologies. **This is the kind of prudent, balanced, and comprehensive approach ~~my Administration~~ ^{we} will ^{be} taking.**

And finally, don't forget another underlying strength of our economy: The flexibility of America's free market system. To preserve this flexibility, we must keep our markets open and hold government restrictions to minimum. This is not easy. Naturally, we all want security. However, often that means keeping out the competition. For the sake of future generations

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My Administration is committed to help and committed to lead: Despite the burden we are bearing in the Gulf, I have asked Congress for \$400 million in new grant assistance for eastern and central Europe.

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Thank you. God bless the troops in the Gulf. And God bless the United States of America.

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D2 edits (after POTUS comments,
and ~~the~~ Darman, Treasury input)

McNally/Blymire

Feb. 5, 1991

Draft Four (B:ECON-NYC)

PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
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To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

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Insert from Secretary Brady for NY Economic Club speech.

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keeping out the competition. For the sake of future generations of Americans, we must level the playing field, so that international trade is free -- and fair. \\\

That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we will seek in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. And my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the Western Hemisphere.

To build a new, peaceful world order, we must also secure the democratic triumphs of the past year. I am thinking especially of the "Revolution of '89." The new democracies in central and eastern Europe inspire us all with their commitment to free societies and free market economies, but they face daunting obstacles from the Communist past, as well as severe new problems brought on by lost markets and higher oil prices.

My Administration is committed to help and committed to lead: Despite the burden we are bearing in the Gulf, I have asked Congress for \$470 million in new assistance for central and eastern Europe, a substantial increase over last year.

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free --

an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan.

With their great human potential and commitment to market economic reform, central and eastern European countries offer real opportunities for U.S. trade and investment. I urge American business to seize these opportunities, as many are doing. G.E.'s Jack Welch weighed in with a \$150 million joint venture with Tungsram in Hungary. Union Pacific's Drew Lewis stepped up to the plate with an impressive effort to modernize Poland's railroads. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Czechoslovakia.

History is moving decisively in favor of freedom -- thanks, in large part, to American ideals and perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free speech, and free elections. America has lived by these tenets for over 200 years. **They have given us both our power and our purpose.**

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we will continue to fight for principle. We will continue to do the hard work of freedom. \\

Thank you. God bless the troops in the Gulf. And God bless the United States of America.

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WHITE HOUSE STAFFING MEMORANDUM
91 FEB 5 11:17

DATE: 2/5/91 ACTION/CONCURRENCE/COMMENT DUE BY: -----
presidential Remarks: Economic Club of New York
New York Hilton, New York City
SUBJECT: Wednesday, Feb. 6, 1991, 8:30 P.M.

	ACTION FYI			ACTION FYI	
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	MCCLURE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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SCOWCROFT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PORTER	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DARMAN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGICH	<input type="checkbox"/>	<input type="checkbox"/>
BRADY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	UNTERMAYER	<input type="checkbox"/>	<input type="checkbox"/>
CARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	ROGERS	<input type="checkbox"/>	<input checked="" type="checkbox"/>
DEMAREST	<input type="checkbox"/>	<input checked="" type="checkbox"/>	WINSTON	<input type="checkbox"/>	<input checked="" type="checkbox"/>
FITZWATER	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BOSKIN	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GRAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BROMLEY	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HOLIDAY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

The attached has been forwarded to the President.

RESPONSE:

PHILLIP D. BRADY
Assistant to the President
and Staff Secretary
Ext. 2702

THE WHITE HOUSE
WASHINGTON

91 FEB -5 AM 8:08

February 5, 1991

MEMORANDUM FOR THE PRESIDENT

THROUGH:

DAVID DEMAREST *AD*

FROM:

EDWARD E. McNALLY

SUBJECT:

ADDRESS TO THE ECONOMIC CLUB OF NEW YORK

I. SUMMARY

On Wednesday, February 6, at 8:30 p.m., you are scheduled to address approximately 2,400 C.E.O.'s and other attendees at a dinner hosted by the Economic Club of New York.

II. DISCUSSION

This address (15 minutes, on teleprompter) presents an upbeat view of the economy, building on three recent events: your State of the Union Address, the Administration's budget proposal, and the new banking package. (The draft also takes note of the upcoming release of the Administration's National Energy Strategy, scheduled for later this month.)

The attached draft was prepared with guidance from General Scowcroft, Chairman Boskin, Roger Porter, Dr. Bromley, and the Departments of Treasury and Commerce and OMB.

McNally/Blymire
Feb. 4, 1991
Draft Three (B:ECON-NYC)

**PRESIDENTIAL REMARKS: ECONOMIC CLUB OF NEW YORK
NEW YORK HILTON, NEW YORK CITY
WEDNESDAY, FEB. 6, 1991, 8:30 P.M.**

Thank you, _____. And thank you, each one of you -- not for standing up to greet me -- but for standing up for all those fighting against aggression tonight in the Persian Gulf -- and especially -- the fighting men and women of the United States of America. \\\

This year marks a defining hour -- a moment of truth -- for this generation, for this country, and for the United Nations itself. We were patient and we were cautious. But when the moment of truth came, America and the world did what was moral, what was just, and what was right.

We said the occupation of Kuwait would not stand.

And three weeks ago tonight, at just about this time, we announced that the liberation of Kuwait had begun. \\\

Three weeks ago tonight, allied forces moved to end a conflict we did not seek and did not begin. But ladies and gentlemen -- it's one we and our allies do intend to finish. \\\

Tonight we are on course and on schedule. Mission by mission, hour by hour, Iraq's capacity to wage war is being systematically destroyed by American and Coalition forces.

The road to real peace will be long and tough. But we will prevail. And when we do, we will have before us an historic opportunity. From the confluence of the Tigris and Euphrates --

where civilization began -- civilized behavior can begin anew.
We can build a better world -- a new world order. \\\

Tonight, the world is united by shared commitments, shared interests, shared hopes. Our efforts will determine the kind of legacy we bequeath our children, the kind of world they will live in. And so, let us re-dedicate ourselves to the ideals in which our troops so resolutely believe. Because in the final analysis, America and her partners will be measured not by how we wage war -- but how we make peace.

I said in my State of the Union Address that "We are the Nation that can shape the future." And shaping the future is a job that begins at home: Long-term economic growth is central to quality of life for America's families, quality of decency for America's communities, and to the quality of leadership America can bring in its special role as the world's leading diplomatic, cultural, and economic power.

Just over eight years ago, the longest peacetime expansion in American history began. Working together, we created millions of new jobs, and cut both interest rates and inflation in half -- a triumph driven by the energies of the most dynamic and diverse economy on Earth.

Against this background, the events of 1990 served to remind us that even a fundamentally healthy economy faces the risk of temporary disturbances and short-term setbacks. For example, when Iraq invaded Kuwait in August 1990, it was a shock to the world's conscience. Business and consumer confidence fell. Oil

prices rose. Taken together, this produced a very real blow to an economy that had already slowed.

But make no mistake: The current recession does not signal any decline in the fundamental, long-term health or basic vitality of our economy. America is a "can do" nation. America is home to the largest, most productive economy on Earth.

My Administration's economic policies are designed to strengthen the foundation for a solid recovery and the highest possible rate of sustained economic growth. I described the three pillars of that foundation in my State of the Union Address: Encouraging economic growth; investing in the future; and giving power and opportunity to the individual. \\\

Encouraging economic growth means reducing federal borrowing -- by cutting the growth of federal spending now. That's why we sent Congress a budget proposal that holds spending growth below the rate of inflation. And that's why the budget law was armed with real teeth -- "pay-as-you-go" provisions and enforceable spending caps -- aimed at cutting the growth of debt by nearly half a billion dollars.

To ensure economic growth, this Administration will also redouble its efforts to weed out counter-productive government regulations. The market must be allowed to work without unnecessary federal intervention. \\\

We must also fuel economic growth by providing incentives to promote private savings. That means tax-free family savings

accounts; penalty-free I.R.A. withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains.

We must also renew our investments in America's future. That means investing in the education and safety of our children. Investing in the infrastructure of our transportation system. Investing in reforms for the financial services system. Investing in high technology and in space -- to the Moon and Mars and beyond.

The budget proposal we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our lives. \\\ But our most important investment isn't in machines -- it's in the people they're designed to serve. Together with the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled

yesterday puts greater reliance on the discipline of the marketplace. By allowing non-banks to invest in banking, it provides opportunities for a fresh infusion of capital. By permitting nationwide banking, we can withstand regional downturns and provide economies of scale. And product diversification will provide greater competition, better service, and decreased risk.

The challenges ahead are great. But because of all these efforts, by any historical standard, the current downturn is expected to be mild and brief. And today in America, the bottom line is this: While our economy may be beset by difficulty -- it should not be beset by doubt. \\\

A healthy sense of confidence is backed by the facts. Inflation has been kept under control. Interest rates are beginning to decline further. The trade deficit declined for the third year in a row. Inventories have been kept down, reducing the need for production cuts to work off excess inventory. Because our major trading partners are seeing relatively strong growth, and the price of U.S. exports on world markets remains low, the pace of U.S. exports will continue to set record highs.

Even oil prices have fallen substantially since their peaks in October, especially since the start of Operation Desert Storm. And in this way, the first-rate performance of American and Allied troops has already helped to preserve the global economic prosperity so crucial to achieving real peace.

Later this month, the Administration will release its National Energy Strategy. The strategy will propose federal, state and private sector initiatives to increase energy efficiency and conservation. It recognizes the need for sustained economic growth and creating a clean, safe environment.

A key goal of the Administration strategy is to reduce our vulnerability to foreign oil supply disruptions. Some, however, will suggest that enhancing our energy security is not enough, and that we should embark upon drastic measures designed to achieve total energy independence. Let me tell you: We are a long way from total energy independence. **Unwise and extreme measures would only hurt American consumers, American jobs and American industries.** \\\

There's no doubt we must begin reducing our energy vulnerability now. That will require a broad and balanced array of actions -- conservation and efficiency measures, new production steps, deregulatory actions, and investments in promising energy technologies. This is the kind of prudent, balanced, and comprehensive approach my Administration will take.

And finally, don't forget another underlying strength of our economy: The flexibility of America's free market system. To preserve this flexibility, we must keep our markets open and hold government restrictions to minimum. This is not easy. Naturally, we all want security. However, often that means keeping out the competition. For the sake of future generations

~~Borah~~
Hutchings comments (via Chris)
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of Americans, we must level the playing field, so that international trade is free -- and fair. \\\

That is what we are doing in the Uruguay Round of trade negotiations -- trying to lower barriers to the free flow of goods and services around the world. That is also what we will seek in the negotiations we will launch this year with Mexico and Canada to create a North American Free Trade Area. And my Enterprise for the Americas Initiative is intended to extend the benefits of flexibility throughout the Western Hemisphere.

To build a new, peaceful world order, we must also secure the democratic triumphs of the past year. I am thinking especially of the "Revolution of '89." The new democracies in central and eastern Europe inspire us all with their commitment to free societies and free market economies, but they face daunting obstacles from the Communist past, as well as severe new problems brought on by lost markets and higher oil prices.

My Administration is committed to help and committed to lead: Despite the burden we are bearing in the Gulf, I have asked Congress for \$400 million in new grant assistance for eastern and central Europe, *a sub. increase over last year.*

Four decades ago, the Marshall Plan helped build a West European zone of prosperity and security that greatly benefitted the United States. Together with our West European partners, we can now extend this success to create a Europe whole and free -- an entire continent of prosperity and stability that fulfills the vision of the Marshall Plan.

Marrutt

With their great human potential and commitment to market economic reform, central and eastern European countries offer real opportunities for U.S. trade and investment. I urge American business to seize these opportunities, as many are doing. G.E.'s Jack Welch weighed in with a \$150 million joint venture with Tungsram in Hungary. Union Pacific's Drew Lewis stepped up to the plate with an impressive effort to ^{modernize} help Poland ~~modernize~~ its railroads. And Bell Atlantic and U.S. West have begun an \$80 million telecommunications venture in Prague.

History is moving decisively in favor of freedom -- thanks, in large part, to American ideals and perseverance. The touchstones of the modern world -- which the emerging democracies are now striving for -- are free markets, free speech, and free elections. America has lived by these tenets for over 200 years. **They have given us both our power and our purpose.**

That is why America and our allies are going to prevail in the Gulf. And that is why America and our partners are going to prosper in the years to come. Our best days are before us. And I can assure you -- America, and the world -- that we will continue to fight for principle. We will continue to do the hard work of freedom. \\\

Thank you. God bless the troops in the Gulf. And God bless the United States of America.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20506

February 5, 1991

MEMORANDUM FOR CHRISS WINSTON
ED McNALLY

FROM: STEVE OLSON *SO.*

SUBJECT: CHANGE TO PRESIDENT'S SPEECH TO
ECONOMIC CLUB OF NEW YORK

I want to thank you and Ed for inserting much of the material we provided into the President's speech tomorrow. But our office was not staffed on the speech, and there is one change that we feel really should be made.

On page 4, in the second full paragraph, the sentence appears "But our most important investment isn't in machines -- it's in the people they're designed to serve." Actually, virtually all of the investment in R&D is an investment in people. Federal funding for R&D directly supports the millions of scientists and engineers who do the work and indirectly supports the many college students who help them. Only about 5 percent of the R&D budget is singled out in a separate category called facilities.

We would therefore suggest a replacement for that sentence reading something like, "And we are matching this investment in scientists, engineers, and the equipment they use with an investment in the people who will produce the advances of the 21st century." This would provide a transition to the subject of education, and particularly to mathematics and science education, which is a major initiative in this budget.

cc: Ken Yale

accounts; penalty-free I.R.A. withdrawals for first-time home buyers; and yes -- a reduced tax for long-term capital gains.

We must also renew our investments in America's future. That means investing in the education and safety of our children. Investing in the infrastructure of our transportation system. Investing in reforms for the financial services system. Investing in high technology and in space -- to the Moon and Mars and beyond.

The budget proposal we sent to Capitol Hill includes record amounts for research and development, one of the most important investments we can make in the long-term economic and military strength of our Nation. It also recognizes that government must help translate the results of basic research into the generic technologies that strengthen our industries and improve our

lives. ~~At the same time, we must invest in the people who will keep this country strong in the 21st century.~~ ~~But our most important investment isn't in machines~~ ~~it's in the people they're designed to serve.~~ Together with

the Nation's Governors, my Administration has launched a comprehensive effort at reform and restructuring, aimed at producing an educational renaissance. \\\

We've still got a long way to go. But we won't sell our kids short. As one observer said of the troops manning Patriot missiles in the Gulf: "In one day, they wiped out the idea that young Americans are not smart enough for the 21st Century." \\\

Investing in the future also means a financial system that is both safe and profitable -- a world-class financial system for a world-class economy. The banking reform plan we unveiled

And we are matching this investment in scientists, engineers, and the equipment they use with an investment in the people who will produce the advances of the 21st century.

REVIEW & OUTLOOK

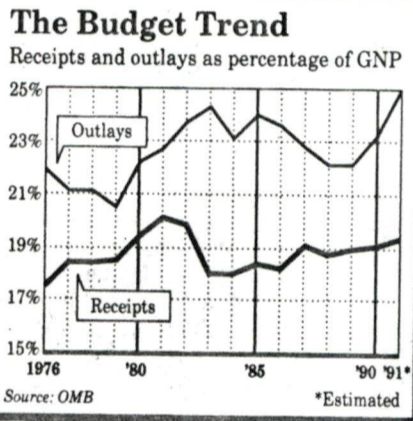
One-Fourth of GNP

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\$1.45 trillion. *Trillion.*

That's how much taxpayer money the Bush Administration proposed yesterday to turn over to the federal government in Fiscal Year 1992.

If so huge a number seems surreal, think of it as another Washington landmark: This year, for the first time since World War II, the federal government will spend more than 25% of the nation's annual wealth. One dollar of every four produced by working Americans will be handed over to Congress and its various Departments of Good Intentions.

As the nearby chart shows, this is a phenomenon of the Bush years. The last Reagan budget year, 1989, saw spending hit its lowest level in a decade as a share of gross national prod-



uct—22.3%. But in only two Bush years, federal outlays will have soared by three percentage points of GNP. This is a bigger spending boom in two years than the spendthrift Carter Administration was able to achieve in four.

This Beltway boom can't be dismissed as a mere recession effect. The Bush budget assumes economic growth of nearly 1% this year, and zero growth last year. If the current economic downturn lasts longer than this March or April, spending will soar to even greater heights.

Meanwhile, even with little or no economic growth, federal tax receipts are back where they were before the Reagan tax cuts. As the chart also shows, taxes are creeping back up to one-fifth of GNP. This should prove once and for all that budget deficits are a function of spending, not tax cuts. While marginal tax rates are lower than in 1980, by nearly every other measure the nation's tax burden is greater than ever.

All of this is happening, we should add, despite the celebrated budget accord of 1990. Or more likely, because of it. The Bush budget proposes to increase 1992 spending by only 2.6%.

But what it doesn't say is that budget director Richard Darman had to pay Congress a monumental spending bribe in 1991 to get his budget deal. The most ill-timed tax increase in history also hasn't helped the economy. We don't know what Texas Senator Phil Gramm and John Sununu were smoking when they said spending would fall to 18% of GNP under the budget agreement, but it must have been something that induces dreams.

Just about everyone in the Beltway gets to share in the spending boom. About the only real loser is defense spending, despite the Iraq war. The Pentagon will receive less after inflation for the sixth straight year. But from 1990 to 1991 overall spending is expected to climb by some \$157.9 billion, or an astonishing 13%, nearly three times the inflation rate.

Senator Bob Byrd's appropriators get a sweet \$12 billion, or 6.1%, more in fiscal 1992 on top of their double-digit increases in 1991. Senator Gramm, erstwhile tightwad, gets 120% more for the Superconducting Super Collider in Texas. Mr. Darman can boast of 13% more for his beloved space bureaucracy at NASA.

California Democrat Henry Waxman gets a couple of more billion in new Medicaid "benefits" to impose on the states. Governor Bill Clinton, the Arkansas Democrat, says Mr. Waxman is trying to create nationalized health care, "using Medicaid as the vehicle and the state's credit cards as the financing mechanism." And the Bush Administration is helping him. Its proposed \$25 billion "cut" in Medicare is nothing more than another tax increase on the well-to-do elderly, plus another turn of the bureaucratic screw on doctors and hospitals. This GOP constituency will soon be begging for Mr. Waxman's agenda as the least awful alternative.

Mr. Darman tried mightily yesterday to claim this is a "reform budget." And there are some good things in it, not least talk of "choice" in education and the cancellation of 238 domestic programs. But last year's budget had similar proposals, and virtually nothing was killed in the end. Why should anyone, least of all Congress, believe Mr. Darman is serious when federal spending on his watch is careening to post-war records? "Reform" is certainly needed, but it requires more political commitment than an annual budget essay.

With the country in recession, families are having to scrimp, while states and cities are slashing budgets. The only place where it's spending-as-usual is Fat City, USA.

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The Scarlet Letter

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