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**Collection/Office of Origin:** Speechwriting, White House Office of  
**Series:** Snow, Tony, Files  
**Subseries:** Subject File, 1988-1993

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**Folder Title:**  
[Economic Memoranda, 11/91-3/92]

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<b>G</b>	<b>18</b>	<b>29</b>	<b>2</b>	<b>2</b>

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THE WHITE HOUSE  
WASHINGTON

NOVEMBER 27, 1991

MEMORANDUM TO SPEECHWRITERS AND RESEARCHERS

FROM TONY SNOW *TS*  
REGARDING ECONOMIC SPEECHES NEXT WEEK

I know many of you have been wondering just how we ought to handle upcoming speeches on the economy. We generally have three goals: First, to reassure people that the President knows what's happening; Second, that he cares; third, that he has a plan for getting changes enacted; and fourth, in the interim he will do whatever he can unilaterally to prod the economy.

David has put together a couple of pages of talking points to cover these themes. I'm enclosing them. Feel free to augment them in whatever ways you can. I'm also enclosing a paragraph from a statement the President will deliver tomorrow. This statement MUST remain close-hold. No one outside should get wind of it. This is especially true of any member of Congress or any member of the press.

The paragraph, which may be subject to revision, goes like this: "Now, I know we're about to enter an election year. And I know that both parties will spend a lot of time taking tough shots at one another. In our system of government, the opposition will attack the President aggressively. There is nothing new about this. But when people are hurting, a President must find ways to get the job done.

"Congress has just left town, after a particularly bitter session. While many people -- including me -- would have liked to see Congress take constructive action on the economy, we now have a few weeks in which elected officials can cool off, hear from their constituents, and frame an effective plan of action. This time can help us build a foundation for greater prosperity. When I give the State of the Union Address in January, I will ask Congress to lay aside election-year politics at least long enough to enact a common-sense set of economic reforms. I will ask politicians to set aside their personal ambitions at least long enough to do their jobs. Afterward, as the election season unfolds, partisan politics will flare up again...."

The point is that POTUS is issuing a kinder, gentler challenge to get the job done, and will offer an implicit appeal for members of Congress to grow up.

Use these notions as a guideline for next week's speeches, and keep in mind our goals: To enable the President to reassert leadership over the domestic agenda, and especially the economy.

Talking Points on the economy -- draft 1

### PRESIDENT BUSH CARES AND UNDERSTANDS

The President cares about Americans who are hurting, and understands the problems a sluggish economy causes for America's families.

In just the past few weeks he has listened to the concerns and ideas of America's workers, small business owners, bankers, hispanic Americans, large corporation CEOs, Congressmen, Senators, state legislators, the media, mayors, the Cabinet, and just plain everyday Americans.

Over the past three years, he has stayed in touch with the American people more than any other President in American history. He has listened to people in forty-eight states over the past three years, from construction workers in Los Angeles to factory workers in Dallas, Texas.

No other President has been more engaged with the American people -- either face-to-face in meetings or events, or through his commitment to full and open access by the media.

### PRESIDENT BUSH IS COMMITTED TO ACTION ON THE ECONOMY, CONGRESS IS NOT

The President is leaving no stone unturned in considering further possible options to stimulate economic growth.

But the facts are,

The President has taken action already, and is prepared to take further action to spur economic growth.

Standing before the Congress, and in speeches before hundreds of communities and organizations all over the country, the President has called on the Congress to enact specific measures to stimulate economic growth.

Congress has not acted upon the President's agenda, nor has it sent him an alternative.

**PRESIDENT BUSH IS COMMITTED TO PRUDENT ACTION,  
NOT QUICK-FIX COUNTERPRODUCTIVE POLITICS**

As opposed to some in the Congress, the President is determined that any actions taken must not undermine some of the positive fundamentals that are in place in the economy such as: low inflation, low interest rates, productivity gains, and solid job-creating export growth.

The President has spelled out a long-term strategy for economic growth early in his Presidency that holds up well. It is founded upon several important principles:

- \* get the deficit down and abide by the budget agreement
- \* keep inflation under control
- \* keep interest rates down
- \* keep America's businesses competitive by:
  - keeping regulatory red tape to a minimum
  - enacting real tort reform
  - improving education and training
- \* opening foreign markets to American goods and services

In the short-term, the President has repeatedly called on the Congress to act on:

- \* a capital gains tax cut to stimulate job-creating investment
- \* a permanent research and development tax credit to create new job-creating technologies
- \* IRAs for first-time home buyers to stimulate the housing market
- \* a responsible transportation bill to create jobs and rebuild our infrastructure
- \* banking reform legislation to make our banks more competitive

Many Americans want to know what we are doing right now -- while people are going through some tough times.

Here in Washington D.C., there are two kinds of steps that can be taken -- steps that the Congress and the President can take together, and steps the President can take on his own -- without the Congress.

I sent to the Congress on [date] on [date] and on [date] proposals to stimulate economic growth. That is a fact.

Congress has adjourned without sending to me an economic growth package. That is also a fact.

When Congress returns I will send to them again proposals for economic growth.

In the meantime, the American people shouldn't have to wait for the Congress to return to see that their government is serious about the nation's problems. And while the most comprehensive actions occur when Congress and the President work in concert, I will not wait for Congress to return either.

Yes, we have an agenda for growth and I'm certainly prepared to take further steps to get this economy on the move again.

There are certain steps that I will take unilaterally to ensure that we leave no stone unturned in our efforts to stimulate economic growth.

DOT - I will sign the just passed transportation bill as soon as it physically reaches my desk. I will direct Secretary Sam Skinner to expedite approvals for job-intensive transportation projects and get the money for those projects moving out to the states immediately.

DOL - I am directing Secretary of Labor Martin to sit down with the leaders of organized labor, as well as our nation's business leaders to streamline the more than XX billion that we are spending on our unemployment and extended benefits programs. These checks are important ....

HHS - safety net programs

SBA - loans for small businesses

AG - supplemental

FEMA - disaster money into the pipeline quicker

February 27, 1992

MEMORANDUM FOR DAVE DEMAREST

FROM: JENNIFER GROSSMAN  
SUBJECT: TOP TEN EXCUSES WHY CONGRESS CAN'T PASS THE  
PRESIDENT'S PACKAGE BY MARCH 20

Number Ten: "Don't want to overwork the interns."  
Number Nine: "Still balancing my checkbook."  
Number Eight: "I've fallen on my new marble floor, and I can't  
get up."  
Number Seven: "Still waiting for my White House cufflinks."  
Number Six: "It might help President Bush."  
Number Five: "Someone hid the gavel."  
Number Four: "Let's give sanctions more time."  
Number Three: "Don't want to ruin our reputation."  
Number Two: "Still sore over Lawrence Welk Museum."  
Number One: "Oh, we didn't know you meant this year."

OTHER ENTRIES:

Bob Simon:

- o "Had to take time out for Groundhog Day Recess."
- o "Urgent fact-finding mission to Stockholm to visit Swedish  
Bikini Team."
- o "Forgot to drink our prune juice."
- o "Had too many big words in it."

THE WHITE HOUSE  
WASHINGTON

March 2, 1992

MEMORANDUM FOR DAVID DEMAREST  
SPEECHWRITERS  
RESEARCHERS

FROM: MICHELE NIX 

SUBJECT: NEW NUMBERS FOR STATE EXPORTS/EMPLOYMENT

Early last week I received information from Commerce re state export/employment figures for Georgia. Research had earlier received likewise data from USTR. The numbers didn't match.

I put in a call to David Walters, chief economist at USTR, about this problem -- which all too often occurs. He apologized, saying that the President shouldn't be receiving two different sets of info. Commerce, Walters explained, wields data from 1987 figures -- the latest data we have in most cases. USTR believes that the President should not have to quote figures from when he wasn't even President and that are often not the best numbers available -- so USTR prefers to make reasoned estimates.

Walters arranged a meeting last week with two big wheels at Commerce: Tony Villamil, their chief economist; and Mark Plant, the Under Secretary for Economic Affairs. A policy decision was made: to have the President use up-to-date estimated figures -- with the understanding that we would be sure to use the word "estimated" in these cases.

Walters is one of the few departmental "number" people who seem to understand what these numbers are used for -- the impact they can have, and how they can be called into question if inaccurate. Walters did a terrific job at pulling this all together for us at the last minute and helping us rework the new and improved numbers for Georgia.

His staff is working with Commerce to do the same for the remaining states -- which should be ready early this week. Researchers: Any questions you may have about your speeches for this week, give David Walter's a call.

I've attached a copy of a memo I received from Walters, which outlines the new policy.

Instructions to Sender: Please be certain all shaded areas are completed and no staples.

FACSIMILE COVER SHEET

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Executive Office of the President  
Washington, D.C. 20506

Clearance (to Geneva) \_\_\_\_\_

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TO: NAME:

AGENCY:

PHONE #:

FAX #:

Steve Farrar White House

( ) 456-23157 ( ) 456-7739

Michele Nix White House

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Tony Villamil Commerce

( ) 377-8181 ( ) 377-3726

Mark Plant Commerce

( ) 377-3727 ( ) 377 0432

( ) ( )

( ) ( )

FROM:

David Walters

PHONE:

(202) 395-3026

FAX #:

(202) 395-~~5400~~ 3583

CONTACT:

If There are any problems please call: (202)395- 3026

SUBJECT:

OFFICE OF THE UNITED STATES  
TRADE REPRESENTATIVE  
EXECUTIVE OFFICE OF THE PRESIDENT  
WASHINGTON  
20506

February 27, 1992

Memorandum To: Michele Nix, White House Speech Writing  
From: David Walters, <sup>NW</sup> Chief Economist, USTR  
Subject: Data on State Exports and Related Employment

This memorandum describes an understanding I have reached with Tony Villamil, the Chief Economist at Commerce and with the concurrence of Commerce's Acting Under Secretary for Economic Affairs, Mark Plant.

In order for the President to have reasonable, up-to-date estimates of state exports and related employment, USTR and Commerce have agreed to the development of estimates for 1991, based on data for 1987, the most recent year available from the Bureau of the Census.

At your request, USTR has made such estimates for Georgia. They are provided, along with a description of the method of estimation, at the end of this memorandum. USTR is currently developing similar estimates for all 50 states. These estimates should supersede estimates for 1990 circulated earlier.

Because the 1991 figures are based on 4-year extrapolations of available data, both USTR and Commerce agree that they should be carefully and accurately characterized as "estimates" when used. In addition, the Commerce Department has a strong preference that they be referred to as "estimates based on national trends."

Any technical questions about estimates should be addressed to:

David Walters  
Chief Economist  
USTR  
(202) 395-3583

or

Tony Villamil  
Chief Economist  
U.S. Department of Commerce  
(202) 377-8181

In regard to the President's use of state export numbers, Dr. Villamil has suggested that someone check with local Chambers of Commerce as they sometimes produce estimates of state exports and related employment already in significant circulation in the state.

*writes  
FYI*

THE WHITE HOUSE  
WASHINGTON

March 2, 1992

MEMORANDUM TO: DAVE DEMAREST

FROM: CLAYTON YEUTTER



Dave, attached are some comments by James Morgan, CEO of a high tech firm in Santa Clara, California, that might be of value to your speechwriting corps. In four succinct pages, he does a great job of laying out the case for American exports and American industrial productivity.

Morgan is also the author of a book, "Cracking the Japanese Market -- Strategies for Success in the New Global Economy," which has had considerable attention this past year.

CY:lfl

Attachment

James C. Morgan  
Chairman & CEO  
Applied Materials, Inc.

Remarks to the Congressional Competitiveness Caucus

Hyatt Hotel, San Jose, CA  
January 23, 1992

On behalf of the American Electronics Association, I would like to welcome the Congressional Competitiveness Caucus to Silicon Valley. I am delighted to be here because this is the first time in my recollection when so many parts of our governmental and business communities have gathered together in one place to focus on what I believe is the most important issue of this decade - America's competitive capability.

Many of us in this room have contributed, individually and collectively, to improving America's competitive position. But what we have done to date is not enough and we clearly have an opportunity to do more.

I say we have an opportunity to do more, because the next couple of decades could offer one of the greatest periods of economic advancement in the history of the world. As I have traveled this past year in Asia, Europe and the former East Block, and from what we see happening in Latin America, Africa and elsewhere, it is obvious we are entering a new era of opportunity. Today in the *San Jose Mercury News* I noticed an article about capitalism developing in Chile. Unimaginable even five years ago, democratic capitalism seems to be breaking out everywhere. As a result, we are now seeing the confluence of peace, democracy, capitalism and global trade all contributing to great expansion of the global economy.

If we consider the international market opportunity for just electronics products and services, an industry many of us are in, there are estimates that show the growth of the world market from over \$750 billion today to over \$2 trillion by the year 2000. This is a sunrise industry and already an industry providing us the most jobs. If America can maintain its share of these world markets, we could see a tripling of the number of jobs during this 10-year period. Just think of the revenue available from the taxes that this economic growth would provide.

The question we have to ask ourselves is, can America participate in this historic opportunity? According to the nightly news, we've already lost the game. Every day the news media highlights what's wrong with America; sending the message that we can't compete, that we are in a state of decline, that the American Century is over. If we let ourselves believe only the doom and gloom, we lose sight of our great potential.

Despite all the changes which have taken place in the world, the United States still has the largest market in the world and is the most potent economic engine on earth. Unlike other nations, we are a pluralistic, inclusive society, comprised of many cultures and nationalities. Often overlooked, this quality enables us to interact effectively with our neighbors around the world - more effectively than any other country.

You need look no further than this room for proof that Silicon Valley represents one of the largest and best commercial and research centers in the world, with an entrepreneurial culture that our competitors envy. Silicon Valley can use its great strengths and provide part of the leadership that will be required to improve America's worldwide competitive position. This will only be possible, however, if there is leadership at the state and national level to focus on expanding world trade - to grow the global economy for all.

If we are to participate in the coming golden age of global commerce, the bottom line is America must get serious about manufacturing and trade.

We must understand how the ground rules for economic competition have changed. No longer are the endowments of natural resources and a large home market the major influence. Changes in information technology and transportation coupled with the mobility of capital and knowledge means any region in the world can build the capability to participate in the opportunity provided by world trade.

Those of us who have visited the remnants of the East Block know how important it is to actively compete in the global economy. Only by competing do we understand the global standard for each activity. We will earn no measure of comfort by isolating ourselves and our markets from the test of lively competition. Replacing the Iron Curtain with a Silicon Curtain will result only in sick, atrophied companies. Instead, we must resolve that each of our industries must compete effectively against the best in the world.

In order to actively participate in the giant economic opportunity that lies ahead, it is obvious we must marshal and refocus America's resources and develop a clear-cut direction. But most important we must develop a collective will.

Let me suggest a few ways we can do that:

First, American companies must learn to effectively cooperate and compete at the same time. That will require some relaxation of anti-trust laws and some legal reforms. And the debate about whether small companies or large companies can contribute most to an American economic renaissance is, to put it plainly, stupid. Instead of beating that dead horse, we should focus on how the best U.S. companies can compete effectively by making a unique and significant contribution, whether they are large established firms or small start-ups. Each company must see its place as part of an effective ecosystem. Each company then must address its own opportunities and challenges in the international market place. And through some of the techniques used by our better competitors, both in the United States and around the world, we need to keep our focus on quality, customer service, cycle time reduction, and learning how to empower and effectively employ the work force.

Secondly, government and industry must work together to expand markets inside the United States, while aggressively working to pry open foreign markets. For instance, we can stimulate the entire U.S. silicon food chain by stimulating high volume electronics manufacturing. End markets for electronic products create end markets for semiconductors, which creates end markets for semiconductor production equipment, and materials. By encouraging the rapid adaptation of new technologies in the fields of telecommunication, information, automotive and education, we could provide both an opportunity to improve our productivity and competitive position in the world and greatly expand our own markets, up- and downstream.

The third step would be to significantly accelerate the development of technology in the emerging fields of electronics, automation, biotechnology, materials, transportation and the environment. It is in these and other sunrise industries where the greatest net gains can be made in jobs and tax revenues. If we have learned anything in recent years, it must be that it does matter what we make. (When is the last time you saw someone pay \$100 or even \$1 for a potato chip?)

Fourth, government and industry must work more closely together to establish an environment which encourages long term investment and the development of our industrial base. We need a U.S. business environment that is conducive and supportive of our key industries. We need a legal and regulatory climate that lowers, not raises, the risks of doing business in the U.S. We need to cut the federal deficit and lower the cost of capital to U.S. companies. We need steps to stimulate investment in R&D, equipment and worker retraining.

And finally, we should test every action by both government and industry against a single powerful question: Does that action - policy, regulation, trade position - help or hurt our long term global competitive posture. If each of us can return to our respective offices and begin to examine all we do against that question, I believe the results will be miraculous. It is the only litmus test that matters.

Now, by making these recommendations, it may sound as if industry is coming, hat in hand, to ask for government's help. I don't see these issues that way. As businessmen and women engaged in a fierce global competitive battle, shouldn't we expect our government to provide us with a work force that can read and write the world's business language - English? Shouldn't we expect our government to provide quality services and make cycle time reductions to improve efficiency in areas that impact on our organizations? As a right, shouldn't we expect a cost of capital that is competitive in the world market places? And shouldn't we expect cooperation instead of confrontation from our government? As a nation, we can no longer abuse the goose that lays the golden eggs and expect to feed ourselves in the future.

I challenge the media to test the actions of our industry and government against the criteria does it help or hurt our long term global competitive posture.

Yes there is the very real potential for exceptional economic opportunity in the decade ahead. But it will not be easy for America. Clearly, we have global competitors who have taken the time to understand the new global economy, who have focused on developing an educated work force, who have focused on expanding markets in their own economy, who have provided their sunrise industries with reduced capital costs, and who have learned to simultaneously cooperate and compete effectively, in order to ensure a successful future for their children. Clearly, with the world's largest economy with a diversified work force and highly capable leadership we should demand no less of ourselves in the pursuit of America's future.

THE WHITE HOUSE

WASHINGTON

March 2, 1992

MEMORANDUM TO WRITERS/RESEARCHERS

FROM: DAN MC GROARTY *DMG*  
SUBJECT: SHORT NOTES ON TRIP SPEECHES

A few short notes on the trip speeches, written well after the fact:

S.F. Fundraiser -- 12 applause lines. POTUS came, he ate, he spoke: all momentum was gone with the second course. The same speech, delivered that evening at the L.A. event, pulled a 24 on the applause-O-meter.

A.G.C. -- Good solid speech with plenty to say to the A.G.C. crowd. Best crowd reaction: term limits, veto threat -- lawyers section throughout. This group actually applauded a fact: the number of lawsuits filed annually. //

Spurs event -- An 11-card speech for a 6 card event. A hot gym, filled with kids who'd just stopped playing basketball and couldn't take their eyes off David Robinson. All the points of light stuff was lost on them. We could have scored better by scripting a POTUS-to-kids anti-drug challenge or pledge, generated a little interaction with the kids, etc.

Georgia G.O.P. -- A good, active crowd. Elapsed time from motorcade to podium: about 5 minutes. 26 applause lines -- many borrowed from the S.Carolina Southern Republican speech. They worked just as well in Georgia!

Savannah Riverfront -- we reworked this one to fit the rally format, with the President's instructions to pattern it after the Georgia G.O.P. Once again -- a pattern forming? -- the elapsed time from motorcade to podium was probably less than 10 minutes.

\*Next-day speeches kept me from the Drug Summit Toast, the L.A. fundraiser and Houston Livestock Show event.

General notes:

1) The President, Mrs. Bush and senior staff continue to measure the success of a speech by the number of applause lines. The President interprets long stretches of silence as a failure on his part to connect. From the podium, nodding heads may be nodding off. Let's face it, applause lines are a kind of currency. In the California speeches, the defense-technology sections were essentially narrative. In spite of the fact these

sections conveyed the most specific California-targeted message, the President thought they "dragged."

2) POTUS' performs better when the next speech picks up the best lines from the last speech. If we keep feeding him New! Improved! language -- we only out-smart ourselves. When he knows his way around a speech, he begins to vary the rhythm, work the good lines -- all the things we want to see him do. Remember: the wheel's still round after all these years.

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Georgia G.O.P. -- A good, active crowd. Elapsed time from motorcade to podium: about 5 minutes. 26 applause lines -- many borrowed from the S.Carolina Southern Republican speech. They worked just as well in Georgia!

Savannah Riverfront -- we reworked this one to fit the rally format, with the President's instructions to pattern it after the Georgia G.O.P. Once again -- a pattern forming? -- the elapsed time from motorcade to podium was probably less than 10 minutes.

\*Next-day speeches kept me from the Drug Summit Toast, the L.A. fundraiser and Houston Livestock Show event.

General notes:

1) The President, Mrs. Bush and senior staff continue to measure the success of a speech by the number of applause lines. The President interprets long stretches of silence as a failure on his part to connect. From the podium, nodding heads may be nodding off. Let's face it, applause lines are a kind of currency. In the California speeches, the defense-technology sections were essentially narrative. In spite of the fact these

sections conveyed the most specific California-targeted message, the President thought they "dragged."

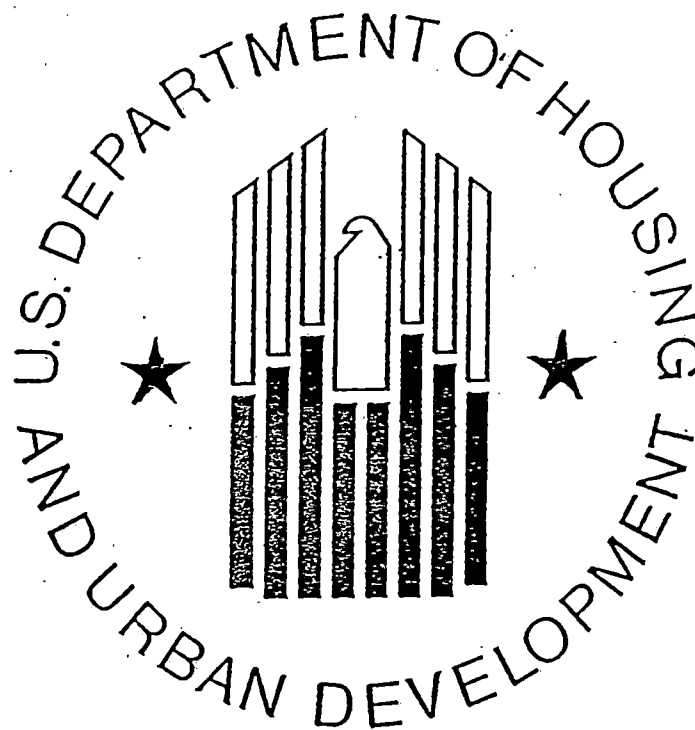
2) POTUS' performs better when the next speech picks up the best lines from the last speech. If we keep feeding him New! Improved! language -- we only out-smart ourselves. When he knows his way around a speech, he begins to vary the rhythm, work the good lines -- all the things we want to see him do. Remember: the wheel's still round after all these years.

# # #

REMARKS BY  
SECRETARY JACK KEMP

*Copy writers  
this speech  
has a nice  
easy flow to  
it - sounds  
natural.*

*XD*



at the  
HARVARD UNIVERSITY  
JOHN F. KENNEDY SCHOOL OF GOVERNMENT  
CAMBRIDGE, MASSACHUSETTS  
MARCH 18, 1992

**Thank you very much, Al Carnesale, for that very kind introduction and thanks for that warm welcome to Harvard's John F. Kennedy School of Government.**

**It's an honor to return once again to this world-famous forum. And it's a pleasure to return to a state whose Governor says he's a "supply-sider." Bill Weld is turning conventional wisdom on its head. He's responding to Massachusetts' fiscal crisis not by raising taxes but by cutting them; not by redistributing wealth, but by encouraging the creation of new wealth. He wants to turn this entire state into a "free enterprise zone" by phasing out the capital gains tax and helping low-income men and women recapture the American Dream of jobs, homes, equal opportunity, entrepreneurship, and ownership. And thanks to Joe Malone and his new program for homeownership, Massachusetts is on the move.**

**In other states, governors are dealing with fiscal crises of their own creation with policies that punish poor people. In New Jersey, the Governor is proposing to deny very low-income welfare mothers additional benefits to support newborn children. What a different vision of how to help low-income Americans. Instead of jobs, education, opportunity, and incentives, some on the Left and on the Far Right are advocating -- albeit unwittingly -- 18th Century Social Darwinism ... "survival of the fittest."**

**When I last spoke here, I explained the Bush Administration's ideas for fighting poverty. Since then, we've extracted from Congress some modest funding to begin a radical redirection of American welfare policy. In the meantime, all across America, a new debate has emerged over welfare policy -- but the debate is not between Republicans and Democrats, or between the President and Congress.**

**It wasn't just conservatives who rescued funding for President Bush's HOPE initiative to help low-income people become homeowners -- it never could have happened without Representative Mike Espy, a black, liberal Democratic Congressman from the Mississippi Delta. He said he learned from his mother that whoever controls your home controls your very life.**

**The Bush Administration's favored Enterprise Zone bill in the House wasn't authored by a conservative Republican, but by liberal Congressman Charlie Rangel of Harlem, New York.**

**Today, the fault line and fundamental choice is not between Republican and Democratic proposals but between the old bureaucratic, statist, and elitist welfare model of spending and consumption and the new entrepreneurial and incentive-based model of economic empowerment and access to private property ownership. It's not Left or Right, it's forward or backward.**

**I want to help define that choice here tonight.**

**For years, liberals complained that we spent too much on guns and not enough on butter. Soon we'll be spending about the same relative amount on each. But many Americans are beginning to notice a strange paradox.**

**On the one hand, President Bush has told the American people that by 1996 -- with about three and a half percent of GNP -- the Pentagon will be able to adequately defend America's far-flung interests from the Persian Gulf to the Gulf of Mexico.**

**Thanks to President Bush, Dick Cheney, and Colin Powell, we'll be able to keep Gaddafi in his cage, keep Saddam away from the oil fields and Israel, keep Kim Il Sung above**

the 38th parallel, and then some.

On the other hand, today -- with about the same share of our national wealth -- we can't keep joblessness and despair, or even gunfire, off our streets. We can make the Third World safe for democracy, but we can't keep Third World conditions from showing up in East Harlem or East L.A.

The reason? Well, spending more money is not the solution. Indeed, the way we spend money is the core of the problem.

Since 1965, we've spent more than \$2.5 trillion -- an amount almost equal to our entire national debt -- fighting poverty. Yet there are more people living in poverty now than before, a poverty that is more intractable and durable.

One thing is clear: We haven't failed for lack of trying. We tried UDAG, CETA, and Model Cities ... Urban Renewal, Community Action Agencies, and other Great Society programs. Yet even as new programs were enacted in the late 1960s and early 1970s, the long decline in poverty rates since World War II ended, and was replaced by a more resistant strain of poverty and despair. Instead of a middle class renaissance, we discovered an underclass stuck in poverty. Instead of a welfare system providing temporary assistance, we found perpetual dependence.

The poverty rate began to exhibit a chilling independence from the ebb and flow of the American economy. The economy boomed, and poverty stayed the same. The economy stagnated, and poverty stayed the same.

The tragic fact is this: Today, America has two economies. One is the mainstream economy, which is entrepreneurial-based and democratic capitalist, driven

by incentives for productive work, saving, investment, risk-taking, education, and ownership. A child born into this economy knows that if he or she goes to school, does homework, and follows the rules, he or she can go to college, get a job, start a family, or pursue the vast, boundless universe of American opportunity and upward mobility.

Then there is the second economy which all too often exists in American inner cities. It resembles the "socialist" economies of the Third World and Eastern Europe more than the capitalist economies of the West. In East Harlem, New York, one of America's most notorious ghettos, more than 60 percent of the land is owned by the government. Nearly two-thirds of the community lives in public housing, and, as a consequence, almost a third of the people are dependent upon government support.

In the second economy, all the usual incentives are reversed. For welfare mothers and unemployed fathers, work doesn't pay and saving is prohibited. In many states, an AFDC recipient who manages to save for a child's college education or a new home risks ending up in jail. In this upside-down world of perverse incentives, welfare recipients aren't allowed to save more than \$1,000, on penalty of criminal prosecution.

Last time I was here I think I told the story of Grace Capetillo. She's the young chicano welfare mother in Milwaukee who managed to scrounge together a \$3,000 nest egg for her daughter's college education, before welfare bureaucrats took her to court. A judge initially fined her \$15,000, but relented and settled for the whole \$3,000. Grace Capetillo got the message: Don't save a penny, spend every cent you get.

When President Bush and our Administration first tried to expand homeownership opportunities for the poor, letting residents of public housing own their

own homes, the old-line welfare establishment couldn't believe it. Our critics said the poor didn't want to own private property. One member of Congress even protested that if we let public housing residents own their own homes they might turn around and sell them for a profit ... or worse yet, they might someday leave their homes to their children! Can you imagine how dangerous it would be if poor people actually made a profit selling their homes? Imagine wanting to leave a home to your children. In the first economy, sure. But in the second economy, never!

The first war on poverty failed because its architects forgot the power of incentives, rewards, and values. They forgot the nature and causes of the wealth of nations -- taught to us by Adam Smith -- and the wealth of families. People don't spend their way out of poverty. They escape poverty by working, saving, acquiring property, owning a home, starting a business. That's the classic formula for achieving the American Dream, or, as President Bush called it at the U.N. -- Pax Universalis.

It is also the common-sense principle behind Abraham Lincoln's Homestead Act of 1862, the most successful anti-poverty measure in American history. Lincoln gave government land to any family which pledged to settle the land and make a home. A year later, tens of thousands of homesteaders had claimed a million-and-a-half acres of land. They came from as far away as Europe to stake their claim. People everywhere want the chance to own something, contribute their labor to it, and make it a foundation on which to build a better life. Policies which defy this timeless wisdom are bound to fail.

It's time we Americans returned to our first principles. It's time we remembered

**the secrets of our own success.**

**Some people on the Left and on the Far Right think the poor won't respond to incentives and rewards. Nonsense! They say that the poor don't share our values, that they are mired in a "culture of poverty." I say: It's the welfare bureaucracy whose culture needs to change. To use its own jargon, I say: The real thing that's "dysfunctional" is a welfare policy which sets its sights too low, demeans the poor, and robs America of a vast potential resource.**

**When the Iron Curtain came down in Eastern Europe, the skeptics said people raised with a "cradle-to-grave" socialist mentality would never embrace free enterprise, private property, and equality of opportunity.**

**But the opposite has happened. From Berlin to Belarus, they are seizing the chance to own property, start new businesses, and risk capital in pursuit of capital gains. The leader of Czechoslovakia's privatization program -- Dusan Triska -- said recently: "Two months ago, people didn't know or care what it meant to be a shareholder. Now all everyone talks about is investment, shares, and capital gains."**

**George Mitchell and the liberal Democratic leadership of Congress don't know what to make of that. After all, everyone knows the people of Czechoslovakia aren't rich. They don't own blue chip stocks and bonds. They don't have brokers in Zurich or bankers on Wall Street. Until recently, they couldn't even own private property. Yet today they're discovering the power of investment, entrepreneurship, wealth creation, and capital gains -- the foundations of entrepreneurial capitalism.**

**There's no place in the old liberal worldview for poor people talking about capital**

gains. I still can't get over how confused the editors of the liberal St. Louis Post-Dispatch were when President Bush visited a public housing community in St. Louis last year. When the President called for a capital gains tax cut in his speech, the residents cheered. In their editorial the next day, the editors just couldn't fathom it. But the real surprise would have come if those low-income residents hadn't cheered for removing the barriers to their opportunity to get a piece of the American Dream.

You see, the President wants to cut the capital gains tax to about 15% and eliminate it in the inner city not to help the rich, but to help the poor get rich; not to help the wealthy, but to create new wealth and new capital formation.

I've met with thousands of low-income people and public housing residents all across America. And let me tell you, I have never met a single one who said, "Mr. Kemp, I don't believe in the American Dream. Or, I just want to be a ward of the State, and I want the same thing for my children and my children's children."

It sounds silly, I know. And yet the liberal welfare establishment treats the poor as though that is exactly how poor people think. It is this elitist attitude towards the poor that is hurting the poor and impoverishing America's inner cities.

Low-income Americans are not afraid to throw in their lot with the rest of us and try their hand at competing in the mainstream economy. To a remarkable extent, they still believe that this is a land of opportunity. They have not lost faith in the American Dream, they are being denied access to the American Dream.

And the truth is, America is still the closest thing to a classless society the world has ever known. A few weeks back the New York Times ran a story about how the "top

**1%" of Americans got most of the new wealth between 1977 and 1989. What the New York Times neglects to tell us is that the composition of that top 1% bracket is constantly changing.**

**According to IRS data, between 1985 and 1986, 40% of those in the top 1% fell into a lower income bracket. Over the same period, Census Bureau data show that fully one-third of all Americans moved from one income quintile to another. And income mobility was generally higher during the 1980s than the 1970s, reflecting the new dynamism of the American economy after we cut capital gains taxes in 1978 and 1981. When capital gains taxes are high, wealth becomes locked up as people refrain from investing or risking their wealth. America's class structure becomes more fixed. But when capital gains taxes are low, as they were during the Reagan-Bush recovery, assets are unlocked, income mobility increases, and wealth expands.**

**But the poorest Americans are still locked out of wealth and opportunity by government-imposed barriers to opportunity. The time has come to lift those barriers. The time has come to empower people, not bureaucracies; to combat poverty, not perpetuate it; and to build a ladder of opportunity, not fill up the safety net. We must discard the old top-down model of government paternalism and rechannel the power of government toward clearing away the mistakes of a welfare policy that perpetuates poverty and dependency.**

**Some people -- some partisans -- claim the Bush Administration is using welfare reform as a cover for beating up on the poor, or worse, as Governor Cuomo charged, as an excuse for pandering to racists. But we're not attacking the poor, we're attacking the**

system which has so misserved them. And incidentally, I don't think class warfare makes good politics, whether it scapegoats the rich or the poor. The American people don't want blame, they want answers.

In his fiscal 1993 budget, President Bush is seeking \$1 billion to help public housing residents become homeowners, through his radical HOPE initiative -- Homeownership and Opportunity for People Everywhere. Once again, the President is also asking Congress to authorize 50 Federal Enterprise Zones, in which the capital gains tax would be eliminated to help give low-income entrepreneurs access to capital.

The President's budget would further permit AFDC recipients to save up to \$10,000, and it would strengthen incentives for long-term AFDC recipients to find employment. Existing rules generally reduce benefits for recipients who join the work force. The Administration proposal would set aside in an escrow account the amount by which a family's benefits are reduced, then pay it out in a lump sum if the family succeeds in working its way off welfare.

Whenever possible, we in the Bush Administration are striving to place real economic power in the hands of individuals, not bureaucracies. Philosophically speaking, for a society which believes -- as Thomas Jefferson did -- that all men and women are created equal, there is no other way. Pragmatically speaking, we've already tried the alternative, and it doesn't work.

In his first inaugural address, Jefferson condemned those nations which "feel power and forget right." Half a century later, Abraham Lincoln expressed a more modern concern. In a speech at Peoria, Illinois, he called slavery "a sad evidence that,

**feeling prosperity we forget right."**

**We are by far the wealthiest nation the world has ever known. But feeling prosperity, we must not forget right. We must not forget the moral obligation -- of which Lincoln often reminded us -- to welcome all Americans of every background and color into what he called "the race of life."**

**It is not just a moral issue. Our inner cities are overflowing with human capital, an untapped reservoir of human creativity. Bringing millions of low-income Americans back into the mainstream economy will create new wealth for all Americans -- rich and poor, black and white. With the right policies and the right incentives, the 34 million Americans living in poverty will become not a hindrance -- not a drain -- but a source of vast promise and unimagined potential. America can once again be the "city on a hill" -- an example to the "new world" waiting to be created, shaped, and inspired.**

**Thank you very much, and God Bless America and the cause of freedom.**

**##**

*writes*

THE WHITE HOUSE  
WASHINGTON

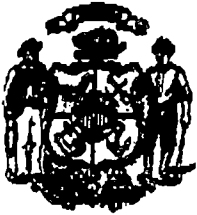
March 26, 1992

MEMORANDUM FOR DAVE DEMAREST

FROM: RON KAUFMAN *(RCU)*

SUBJECT: ATTACHED FROM GOVERNOR TOMMY THOMPSON

FYI. Good fodder for speeches.



**TOMMY G. THOMPSON**

Governor  
State of Wisconsin

March 19, 1992

The President  
The White House  
Washington D.C. 20500

Dear Mr. President:

Your visit to Wisconsin this week was extremely successful. I thoroughly enjoyed your visit and appreciated the opportunity to speak with you over lunch.

As I mentioned during lunch, I sponsored a resolution calling for a presidential line item veto at the National Governors' Association winter meeting. This resolution was adopted by a unanimous voice vote.

My line item veto authority has been a powerful tool in keeping Wisconsin's budget balanced and taxes under control. I have used my authority to eliminate more than \$140 million in wasteful spending and save Wisconsin taxpayers more than \$600 million in added taxes.

Presidential line item veto authority would allow you to eliminate wasteful government spending and pork barrel projects. Clearly, the nation's governors agree.

I have included a copy of the resolution for your review.

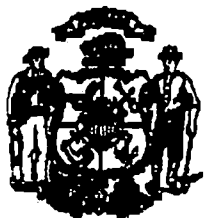
Sincerely,

TOMMY G. THOMPSON  
Governor

TGT/sls

enclosure

*PS It was great having you  
in Wisconsin - Best wishes  
to your family!*



# **TOMMY G. THOMPSON**

**Governor  
State of Wisconsin**

## **PRESIDENTIAL LINE-ITEM VETO AUTHORITY**

THE NATION'S GOVERNORS EXPRESS THEIR STRONG SUPPORT OF NGA POLICY A-9.3.1 CALLING FOR A LINE-ITEM VETO AUTHORITY FOR THE PRESIDENT OF THE UNITED STATES. FORTY-THREE OF THE NATION'S GOVERNORS HAVE THIS AUTHORITY AND HAVE FOUND IT TO BE A VALUABLE AND EFFECTIVE TOOL FOR CONTROLLING STATE SPENDING AND BALANCING STATE BUDGETS.

THE FEDERAL GOVERNMENT'S INABILITY TO CONTROL SPENDING HAS LED TO A MASSIVE FEDERAL DEFICIT THAT THREATENS THE NATION'S ECONOMIC RECOVERY, AND ADDS ADDITIONAL BURDENS ON THE STATES.

THE GOVERNORS BELIEVE THAT GIVING THE PRESIDENT THE LINE-ITEM VETO AUTHORITY WILL HELP RESTRAIN FEDERAL SPENDING, BALANCE THE FEDERAL BUDGET AND ASSIST IN ELIMINATING UNFUNDED FEDERAL MANDATES ON THE STATES.

THEREFORE, THE NATION'S GOVERNORS URGE THE CONGRESS TO PASS A CONSTITUTIONAL AMENDMENT TO EMPOWER THE PRESIDENT WITH A LINE-ITEM VETO AUTHORITY WITH RESPECT TO APPROPRIATIONS LEGISLATION.

**TOMMY G. THOMPSON**

Governor  
State of Wisconsin



February 6, 1992

The President  
The White House  
Washington

Dear Mr. President:

You will be happy to know that the nation's governors unanimously support presidential line-item veto authority.

Enclosed, please find a copy of the resolution I successfully put forth at the Annual Winter Meeting of the National Governors' Association urging Congress to pass a constitutional amendment empowering you with the line-item veto authority.

We believe you should have the power to say NO, just as forty-three of the nation's governors do. The line-item veto authority will allow you to restrain spending, balance the federal budget and eliminate unfunded mandates on the states. These are things the Congress has been unable to do on their own.

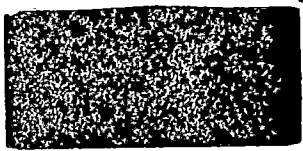
I look forward to my continued work as part of the Bush Team;

Warm regards,

TOMMY G. THOMPSON  
Governor

*Copy written  
revised*

DATE: 4/6/92



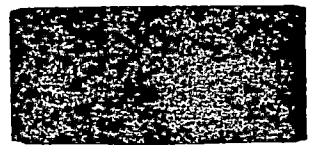
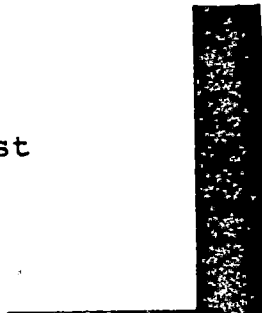
TO: SEE BELOW

FROM: CLAYTON YEUTTER  
Counsellor to the President for  
Domestic Policy

Some good background material  
from David Walters of USTR.

DISTRIBUTION:  
OPD Sr. Staff

S. Rollins	D. Darman
E. Holiday	N. Brady
M. Boskin	D. Demarest
L. Martin	.



Question:

What basic industries are stronger today than they were 10 years ago?

Answer:

Summary:

- o Over the 10 most recent years for which data are available (1979-1989), most U.S. basic industries (manufacturing) have expanded.
- o Overall, the output growth of the U.S. manufacturing sector has slightly outstripped the growth of the overall economy.
- o Within the manufacturing sector, production in some industries has surged -- particularly those in which high-technology products are found -- while production in others has declined.
- o In many regards, the data reflect the type restructuring of the manufacturing sector that one might expect in the case of an advanced industrial economy like that of the United States. Many industries characterized by high-tech products have expanded their share of U.S. manufacturing output while other manufacturing industries have seen their share decline.
- o Despite the strong rate of growth of output, manufacturing employment fell 7.6 percent over the ten-year period, due to rapid improvements in manufacturing productivity.
- o Employment growth outside the manufacturing sector has more than taken up the slack with the increases in non-manufacturing jobs 15 times greater than the loss of jobs in manufacturing.
- o Rapid growth of U.S. exports was a principal contributor to the strong growth of U.S. manufacturing output.

### Trends in Manufacturing Output (1979-1989)

Manufacturing output has grown faster in the United States than in the rest of the world: As Chart 1 shows, according to World Bank data,<sup>1</sup> U.S. output of manufactures grew at an average compound rate of 3.8 percent between 1980 and 1989, while world manufacturing production grew at the somewhat slower rate of 3.5 percent. (For the sake of comparison, the World Bank reports that in the earlier period 1965 to 1980, U.S. manufacturing output grew a slower 2.5 percent average annual rate. The World Bank does not report comparable figures for world manufacturing output growth for the 1965-80 period.)

U.S. manufacturing output grew somewhat more rapidly than the average growth for non-manufacturing sectors of the U.S. economy: Between 1979 and 1989<sup>2</sup>, the real (constant dollar) output of U.S. manufacturing increased by 30.4 percent (average rate of 2.7 percent per year.) (See Chart 2.) This rate slightly exceeded the growth rate for non-manufacturing sectors of the U.S. gross national product (GNP) which rose 28.6 percent (average annual rate of 2.5 percent) over this period. As a result, the share of manufacturing in U.S. constant-dollar GNP rose from 22.3 percent in 1979 to 22.6 percent in 1989.

### Restructuring within the U.S. Manufacturing Sector

While U.S. manufacturing overall has experienced substantial growth, changes in output for individual industries in the manufacturing sector have varied widely: Machinery has been the fastest growing U.S. manufacturing industry with production more than doubling in 10 years (Chart 3 and Table 1). Exceptionally strong growth was also recorded for petroleum and coal products, up 80.3 percent, transportation equipment other than motor vehicles (air craft inter alia), up 79.2 percent, rubber and plastic products, up 56.3 percent and electric and electronic equipment, up 50.8 percent.

At the other end of the spectrum, manufactures of tobacco declined by slightly more than two-thirds, of leather and products by 31.0 percent, and of primary metals by 30.0 percent.

Although production of motor vehicles and equipment dropped by 8.3 percent, production for the transportation sector as a whole grew at a rate (26.1 percent), almost in line with manufacturing overall. As a result, transportation equipment other than motor vehicles has grown to exceed the size of the motor vehicle transportation sector: other transportation rose from roughly 70 percent of the motor vehicle sector in 1979 to 135 percent in 1989.

Changes in industry shares of total U.S. manufacturing output:  
 Table 2 shows the share of total manufacturing output accounted for by each manufacturing industry in 1979 and 1989 (as well as their rank order in each year). The largest single change has been the rise in share of machinery from 12 percent of U.S. manufacturing in 1979 to 18.8 percent in 1989. The largest single decline in share was for primary metals, down from 7.4 percent of output in 1979 to 4.0 percent in 1989.

Chart 4 shows the change in share of U.S. manufacturing output between 1979 and 1989 for each of the 21 manufacturing industries. It is striking that U.S. manufacturing sectors gaining share tend to be those where one would expect the production of higher technology products are located: machinery, electric and electronic equipment, non-automotive transport equipment (aircraft in particular) and chemicals and allied products. These four sectors, in fact, increased their collective share of U.S. manufacturing output from 33.6 percent of total in 1979 to 43.7 percent in 1989.

In contrast, in many, but not all, cases, the U.S. manufacturing industries losing share were more traditional in nature and/or those reflecting the U.S. natural resource endowment. For example, leather and products, tobacco manufactures, lumber and wood products, stone, glass and clay products, and primary metals have seen their collective share of U.S. manufacturing decline from 15.7 percent in 1979 to 9.9 percent in 1989.

Trends in Manufacturing and Overall Employment

Between 1979 and 1989, employment in the United States increased by 23.4 million (Charts 5 and 6) or an average annual rate of 2.1 percent. The composition of employment, however, changed. Jobs in manufacturing industries fell 1.6 million to a total of 19.4 million in 1989. Jobs outside of manufacturing increased by 25.0 million to a total of 104.4 million in 1989.

On a composition basis, manufacturing jobs fell from 21.0 percent of U.S. total employment in 1979 to 15.7 percent in 1989. The drop in the manufacturing share of U.S. employment stands in sharp contrast to manufacturing production which grew slightly faster than total GNP between 1979 and 1989, increasing its share of GNP, as stated earlier, from 22.3 percent of GNP to 22.6 percent of GNP.

The explanation for declining share of U.S. employment in manufacturing in face of manufacturing's rising share of U.S. production is found in the strong labor productivity growth in the manufacturing sector. Manufacturing labor productivity rose some three times faster between 1979 and 1989 than the rate of labor productivity growth for the overall U.S. economy.

Successful industrialized countries have, like the United States, generally experienced stronger productivity growth in the manufacturing than in other sectors and declining shares of manufacturing in total employment. This pattern has supported the growth in real U.S. output on a per worker basis (average annual rate of 1.0 percent, 1979 to 1989) as well as a per capita basis (annual average rate of 1.7 percent<sup>3</sup>).

### Trends in Exports

Export expansion has aided the growth of U.S. manufacturing output: Between 1979 and 1989, U.S. real non-agricultural exports (90 percent of which are manufactures) rose at an average annual compound rate of 4.6 percent (Chart 7) compared to a 2.5 percent growth rate in real gross domestic product (GDP)<sup>4</sup>. As a result, non-agricultural exports rose ~~of~~ from 5.1 percent of constant-dollar GNP in 1979 to 6.4 percent in 1989.

Although data for 1990 and 1991 are not currently available for real manufacturing output, they are available for real exports. In the last two years non-agricultural exports have increased by another 17 percent. The ratio of real non-agricultural exports to GDP ratio from 6.4 percent in 1989 to 7.5 percent in 1991. As for this year and beyond, practically all major forecasts of the U.S. economy expect that strong export growth to be a significant contributor to the U.S. manufacturing growth, as well as to overall U.S. GDP growth.

1. Data drawn from the World Bank's World Development Report of 1991

2. The most recently available data in the U.S. National Income and Product Accounts (NIPA) on constant dollar gross U.S. product by manufacturing industry appeared in the January and April 1991 issues of the Survey of Current Business. The data are reported on the basis of constant 1982 dollars through 1989, the most recent year for which these data are available. The Bureau of Economic Analysis (BEA) at the Commerce Department is in the process of revising and rebasing all NIPA tables to constant 1987 dollars. This has been done for many GNP/GDP components. The latest series for gross product by manufacturing industry, however, remains on the constant 1982 dollar base. A BEA spokesperson reports that gross product by manufacturing industry series, based on constant 1987 dollars and extended to calendar year 1990 will be available in September or October of this year.

The selection of the years 1979 and 1989 as the basis of U.S.

domestic comparisons reflects the ten-year period indicated in the Member's question, as well as the absence of data availability beyond 1989. It should be noted, however, that 1979 and 1989, being years at or close to similar points in different business cycles (peaks in economic activity), are particularly appropriate points of comparison. The much stronger growth in manufacturing output reported in the World Bank comparison of 1980 to 1989 reflects in part the cyclical downturn for economic activity from 1979 to 1980.

3. Data on per worker and per capita U.S. output have been drawn are from the Office of Productivity and Technology, Bureau of Labor Statistics, U.S. Department of Labor.

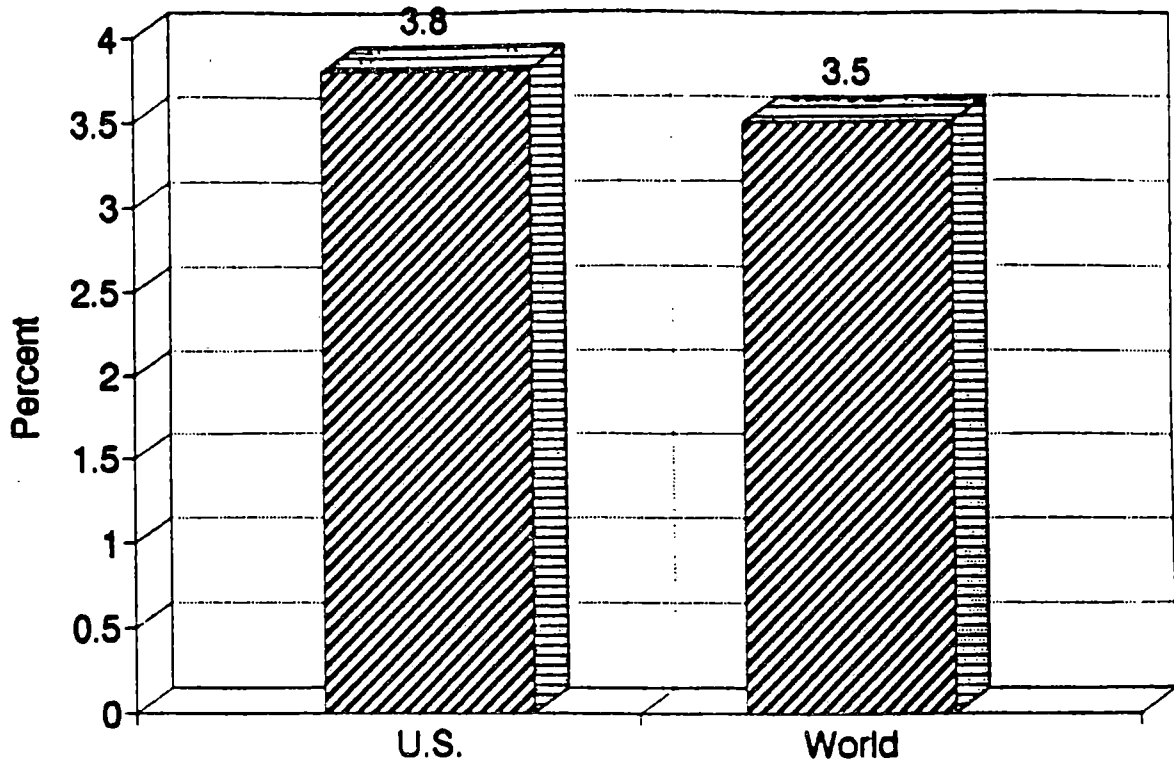
4. Because of significant changes to the NIPA-based export data when moving from a 1982 to a 1987 constant-dollar series, the export and GDP series reported here are on the new constant 1987 dollars basis. When gross product for manufacturing industry in 1987 constant dollars is released in October of this year, it will be possible to do a closer analyses of exports and the growth of manufacturing output than current data allow.

USTR/3/31/91

# Annual Average Growth Rate for Manufacturing Output: 1980 to 1989

Source: World Bank (See Text)

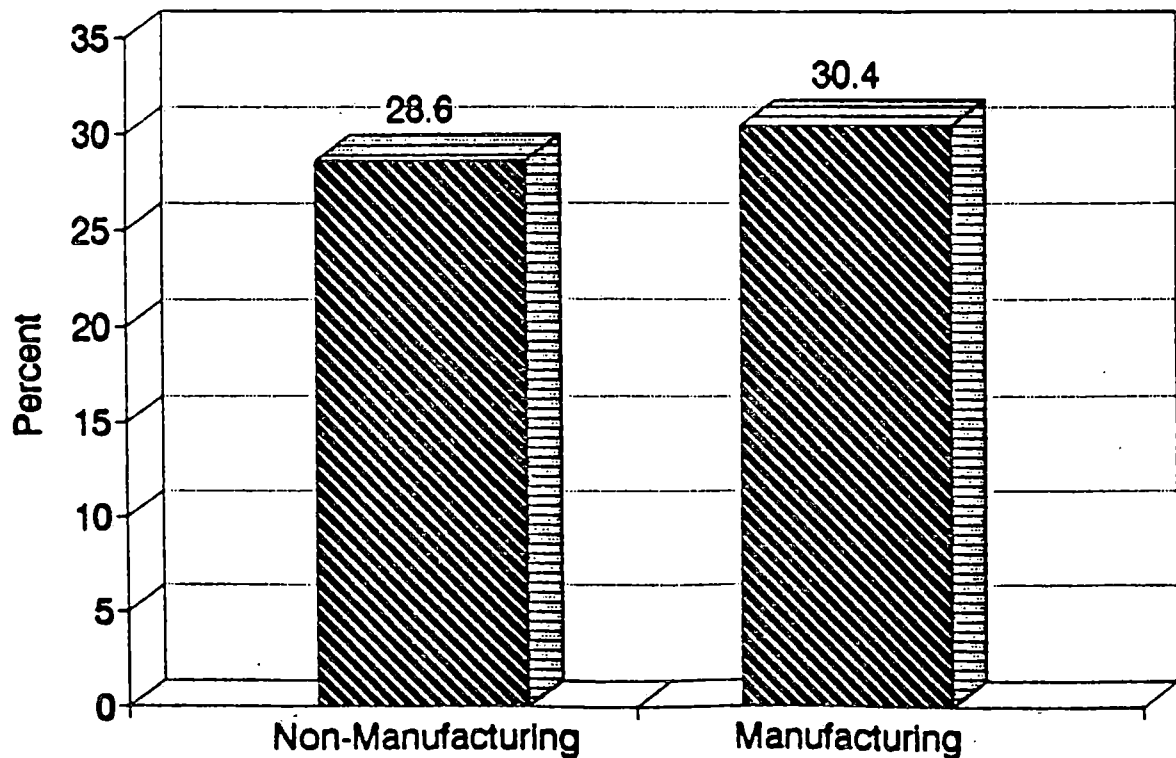
Chart 1



# Growth of Real U.S. GNP 1979 to 1989

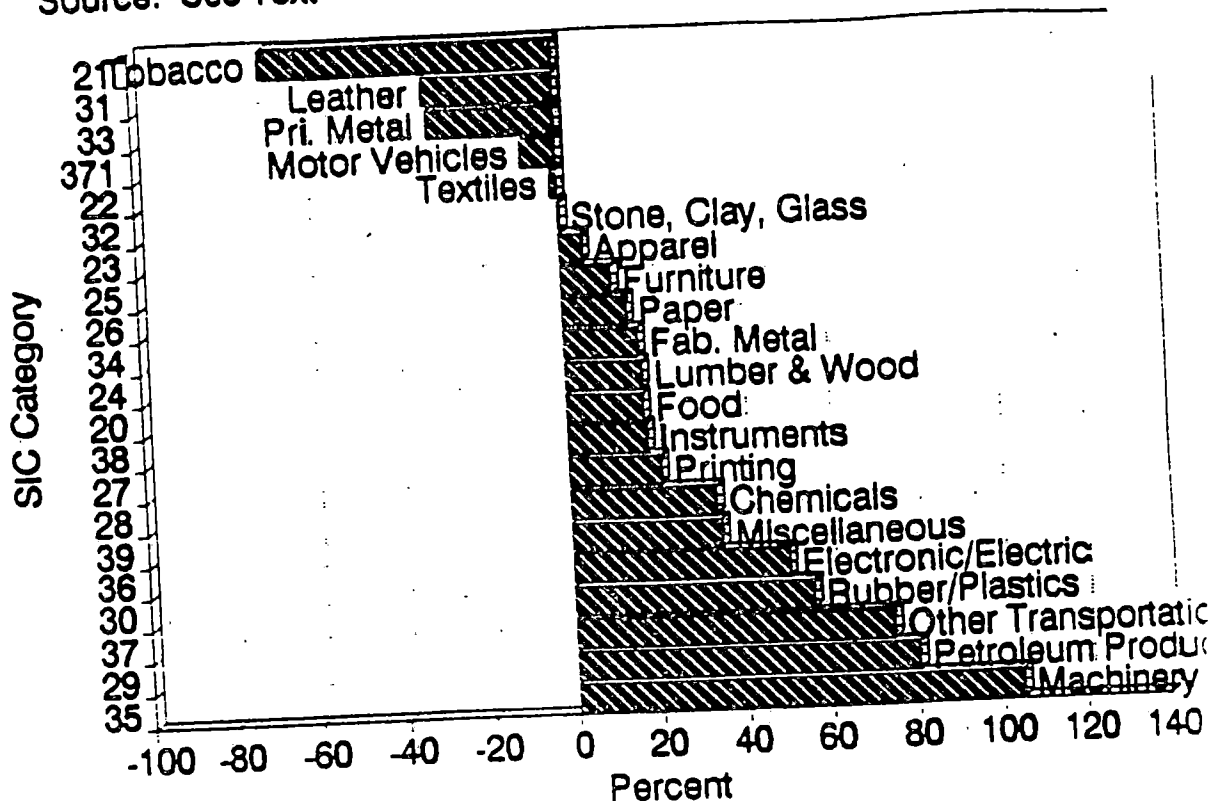
Source: See Text

Chart 2



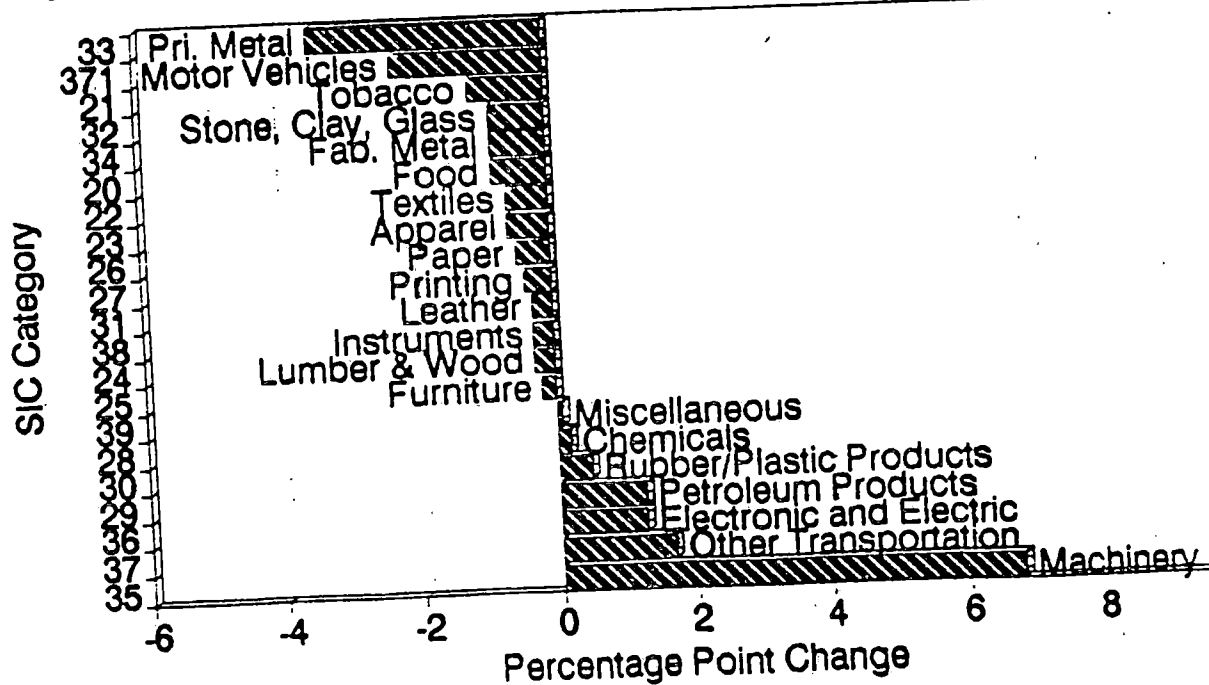
# Growth of U.S. Manufacture by SIC Category: 1979 to 1989

Source: See Text



# Change in Share of U.S. Manufacture Output 1979 to 1989: 21 SIC Categories

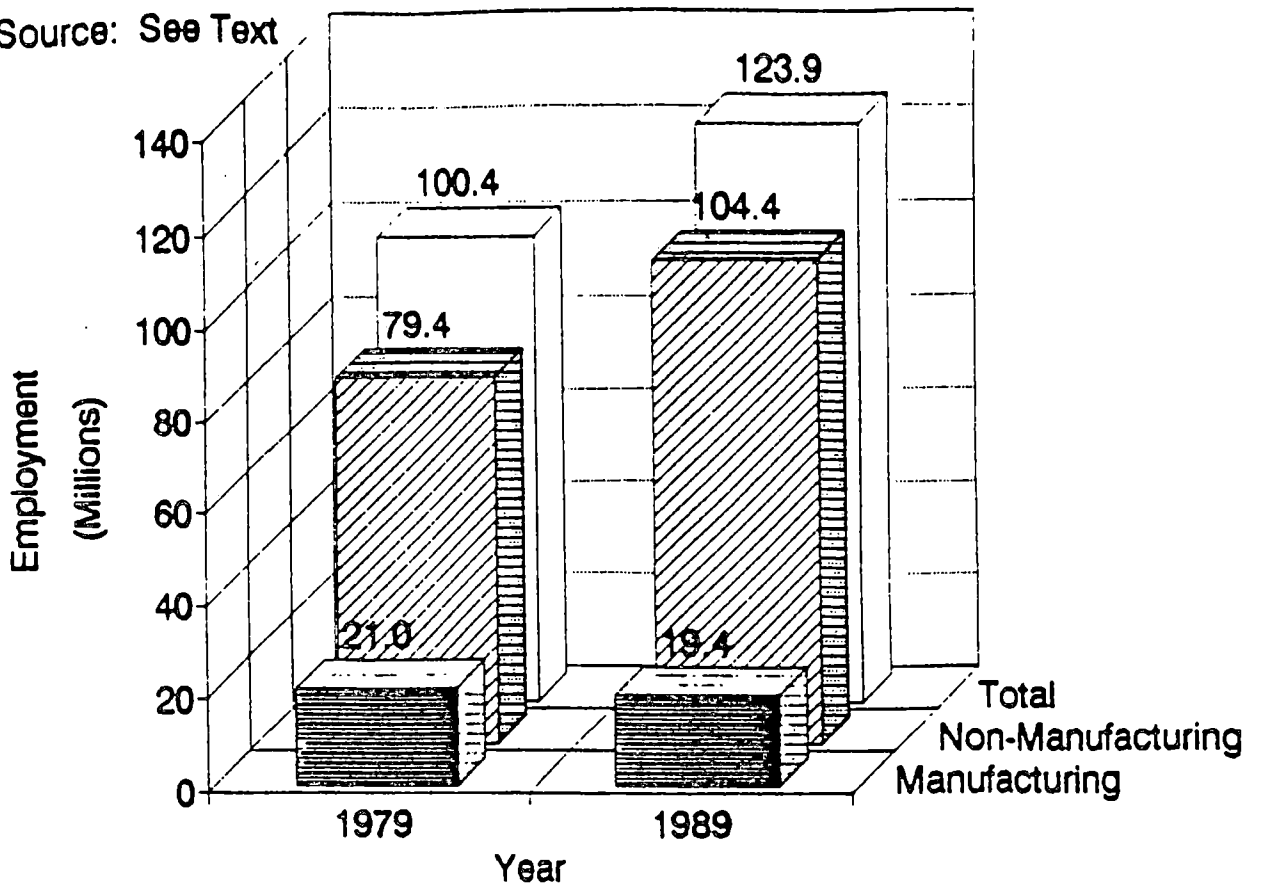
Source: See Text



# U.S. Employment

Chart 5

Source: See Text



## Change in Employment 1979 to 1989

Source: See Text

Chart 6

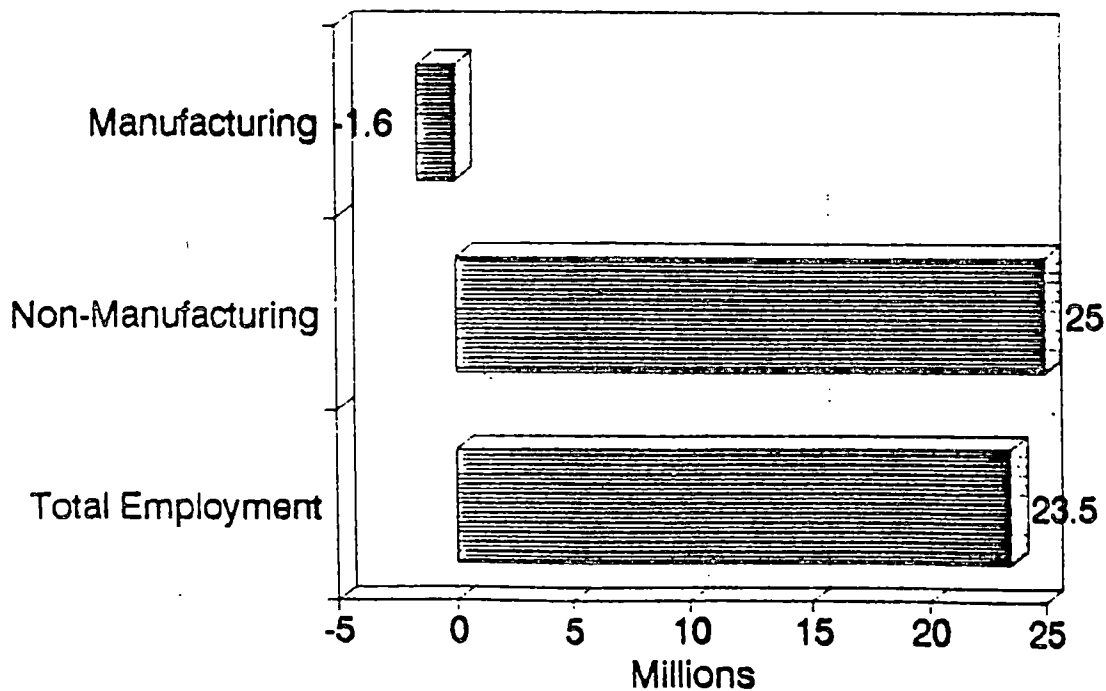


Table 1

	Percent Change 1979 to 1989	1989 (\$Billions Constant 1982)	1979
Gross National Product	29.0%	4,117.7	3,192.4
Non-Manufacturing	28.6	3,188.7	2,480.2
Manufacturing	30.4	929.0	712.2
Durable Manufactured Goods	34.8	583.7	433.1
Lumber and Wood Products	18.0	25.6	21.7
Furniture and Fixtures	11.9	12.2	10.9
Stone, Clay and Glass Products	0.4	23.6	23.5
Primary Metal Industries	- 30.0	36.9	52.7
Fabricated Metal Products	17.5	65.8	56.0
Machinery, except Electrical Electric and Electronic Equipment	104.3	174.9	85.6
Motor Vehicles and Equipment	50.8	90.8	60.2
Other Transportation Equipment	- 8.3	47.3	51.6
Instruments and Related Products	79.2	63.8	36.5
Miscellaneous Manufacturing Industries	18.8	26.6	22.4
Nondurable Manufactured Goods	23.4	345.4	279.0
Food and Kindred Products	18.2	70.3	59.5
Tobacco Manufactures	- 68.7	3.1	9.9
Textile Mill Products	- 1.8	16.7	17.0
Apparel and other Textile Products	5.2	22.4	21.3
Paper and Allied Products	15.0	33.0	28.7
Printing and Publishing	21.6	45.1	37.1
Chemicals and Allied Products	34.2	76.1	56.7
Petroleum and Coal Products	80.3	44.9	24.9
Rubber and Miscellaneous Plastic Products	56.3	30.8	19.7
Leather and Leather Products	- 31.0	2.9	4.2

# Annual Average Change in GDP Components

## Constant Dollar Basis: 1979-1989

Source: See Text

Chart 7

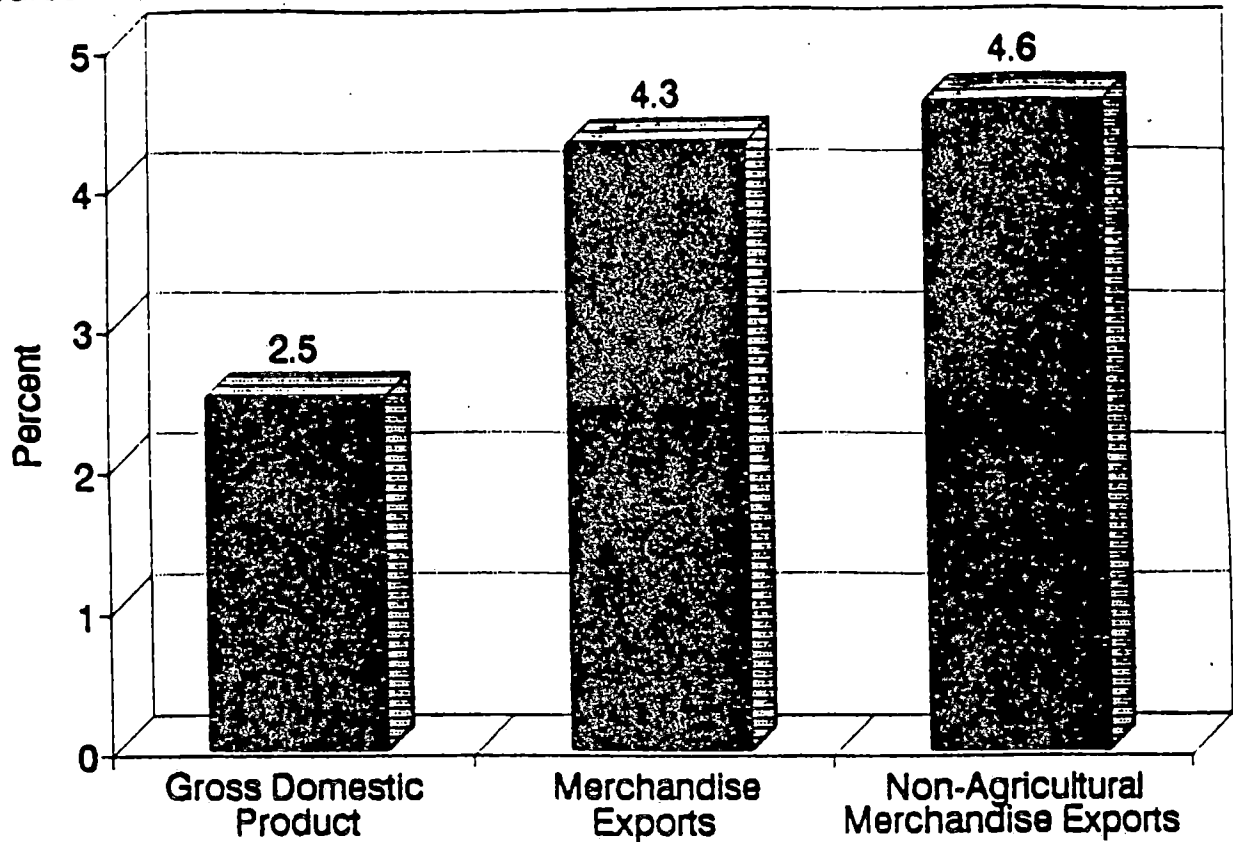


Table 2

Industry Rank  
in 1989 (and  
Share of Total  
Production of  
Manufactures

Industry Rank  
in 1979 (and  
Share of Total  
Production of  
Manufactures

(100.0%)	ALL MANUFACTURING INDUSTRIES	(100.0%)
1. (18.8%)	Machinery, except Electrical	1. (12.0%)
2. ( 9.8%)	Electric and Electronic Equipment	2. ( 8.5%)
3. ( 8.2%)	Chemicals and Allied Products	4. ( 8.0%)
4. ( 7.6%)	Food and Kindred Products	3. ( 8.4%)
5. ( 7.1%)	Fabricated Metal Products	5. ( 7.9%)
6. ( 6.9%)	Transportation Equipment, except Motor Vehicles	9. ( 5.8%)
7. ( 5.1%)	Motor Vehicles and Equipment	7. ( 7.2%)
8. ( 4.9%)	Printing and Publishing	8. ( 5.2%)
9. ( 4.8%)	Petroleum and Coal Products	11. ( 3.5%)
10. ( 4.0%)	Primary Metal Industries	6. ( 7.4%)
11. ( 3.6%)	Paper and Allied Products	10. ( 4.0%)
12. ( 3.3%)	Rubber and Misc. Plastic Products	16. ( 2.8%)
13. ( 2.9%)	Instruments and Related Products	13. ( 3.1%)
14. ( 2.8%)	Lumber and Wood Products	14. ( 3.0%)
15. ( 2.5%)	Stone, Glass and Clay Products	12. ( 3.3%)
16. ( 2.4%)	Apparel and Other Textile Products	15. ( 3.0%)
17. ( 1.8%)	Textile Mill Products	17. ( 2.4%)
18. ( 1.7%)	Misc. Manufacturing Industries	18. ( 1.7%)
19. ( 1.3%)	Furniture and Fixtures	19. ( 1.5%)
20. ( 0.3%)	Tobacco Manufactures	20. ( 1.4%)
21. ( 0.3%)	Leather and Products	21. ( 0.6%)