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Series:	Sununu, John, Files
Subseries:	Issues Files

OA/ID Number:	29153
Folder ID Number:	29153-005

Folder Title:
Economy - National 1991

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	1	5

NEWT GINGRICH
6TH DISTRICT, GEORGIA
REPUBLICAN WHIP

1620 LONGWORTH BUILDING
WASHINGTON, DC 20515
202-225-0197

Congress of the United States
House of Representatives
OFFICE OF THE REPUBLICAN WHIP
Washington, DC 20515

October 23, 1991

The Honorable George Bush
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

Two articles which appeared in today's Washington Post make clear the current state of play on economic growth.

One month ago we had the momentum on this crucial pocketbook issue. Now, the media is portraying our confusion coupled with a major advance by the Democrats.

If we fail to correct the current perception and regain our momentum, we will soon find ourselves sitting idly by while the Democrats pass their so-called growth package. It is imperative that Republicans in Congress and the Administration form a united front on economic growth. We have no time to waste in aggressively pursuing this issue.

Thank you for taking the time to consider my views on this matter.

Sincerely,

Newt

Newt Gingrich
Republican Whip

Economic Worries Eroding Support For Reelection of Bush, Poll Finds

By David S. Broder
and Richard Morin
Washington Post Staff Writers

A sharp loss of confidence in the nation's economy is eroding support for President Bush's reelection, according to the latest Washington Post-ABC News Poll.

In the survey, 47 percent of those polled said they were inclined to vote for Bush, while 37 percent said they would prefer the unknown Democratic nominee. That is the first time Bush's "reelect number" has dropped below 50 percent in the Post-ABC poll, and represents a steep decline from the 68 to 20 percent lead Bush enjoyed over an unknown Democrat last March, at the end of the Persian Gulf War.

According to the poll, a slight majority—51 percent—agreed with the statement: "After four years of George Bush we need a president who can set the nation in a new direction." But 44 percent agreed that "we need to keep the country moving in the direction George Bush has been taking us."

The poll of 1,536 randomly selected Americans was completed Monday night.

Bush's increased vulnerability is clearly linked to concerns about the sluggish recovery and the growing fears of a "double-dip recession," a second economic downturn after a brief and weak period of growth. Those same worries have prompted the president in recent days to press his advisers to come up with an economic stimulus proposal.

In the poll, only 37 percent said they approved of Bush's handling of the economy—down 5 points in the last month—and 70 percent said they agreed with the statement that Bush "spends too much time on foreign problems and not enough on problems in this country." That figure has increased slightly since September, when 66 percent agreed.

That poses a potential problem for Bush, who is scheduled to begin several weeks of almost unbroken overseas travel at the end of this month.

Overall, the percentage of Americans who say the economy is getting worse and not better has increased from 41 percent last month to 56 percent in the latest Post-BC survey. And unemployment has replaced drugs and crime as the nation's biggest worry. According to the poll, 19 percent named unemployment as the biggest problem facing the country, up from just 7 percent in March.

Overall, 42 percent of those questioned named unemployment, the federal budget deficit or some other economic problem as nation's biggest concern, up from 26 percent just last month.

Nearly half of those interviewed in the latest poll—48 percent—said they believed that most Americans are worse off now than they were four years ago and 41 percent said they are no better off. Just 7 percent said they believed that most Americans are better off now than they were before Bush took office.

Americans who say the economy is getting worse and not better increased from 41 percent last month to 56 percent in the latest survey.

The news in the latest survey was not all bad for Bush. His overall job approval rating stands at 65 percent, down slightly from last month's 69 percent. The president continues to get high marks from the public for his handling of foreign affairs. According to the survey, 69 percent said they approved of the job Bush is doing on international relations.

But concerns about the economy are clearly undercutting support for Bush among voters. Only one-third of those who said the economy was getting worse also said they would vote to reelect the president. Among those who felt the economy was staying the same (34 percent) or improving (9 percent), Bush was favored by more than 3 to 1.

The perception that someone other than Bush should set a new course for the country in part reflects a sense that he favors the wealthy and is insensitive to the needs of the unemployed.

According to the survey, nearly half—48 percent—said Bush cares more about serving upper-income people, up from 35 percent in a Post-ABC survey in February 1990.

In the latest poll, only 8 percent said Bush is more interested in the needs of middle-income and poor Americans. Forty-one percent said Bush cares equally about serving all people, down from 51 percent in February 1990.

The poll also found that by 58 to 40 percent, those interviewed said they supported the bill Bush vetoed that would have given jobless workers as many as 20 weeks of unemployment benefits beyond the current 26-week maximum.

Last week, a Senate attempt to override the veto fell two votes short. The Senate Democrats voted unanimously for the measure and Democratic leaders in Congress have vowed to make Bush's veto a campaign issue next year. Yesterday, the House Ways and Means Committee approved another unemployment bill, this one providing up to 13 weeks of additional benefits paid for by increasing the federal unemployment tax on employers by $5.3 billion over the next five years.

The Washington Post
DATE: 10/23/9
PAGE: A11

Foley to Push for Tax-Cut Bill This Fall

Cooperation Stressed; Bush Is Said to Be Unconvinced Steps Are Needed

By Eric Pianin and Ann Devroy
Washington Post Staff Writers

House Speaker Thomas S. Foley (D-Wash.) said yesterday he will push for legislation to provide tax relief, mainly to the middle class, before Congress adjourns this fall and indicated a willingness to negotiate with the administration on a reduction in the capital gains tax.

Foley's statements came as President Bush, following two lengthy meetings this week with his top advisers on a economic package, suggested to aides that he is not convinced such a package is needed.

Senior administration officials who on Monday hinted the White House would have a proposal within days said yesterday that the president, facing divisions among his aides and within his party, has not yet made up his mind to propose anything. "The bottom line is there is a lot of uncertainty about whether we should do anything and, if we do, what," said one official.

Foley, in his meeting with reporters, said, "I have never said absolutely 'no' to some kind of capital gains revision. Our complaint is that the only position the administration takes on tax relief is to relieve the taxes of the richest and most comfortable and affluent in the country. They want to stimulate the economy by giving a big tax break to people who make over $200,000 a year."

The Democratic attempt to make the "unfairness" case against Bush, successful in the 1989 budget fight, is one element giving the White House pause this week. Treasury Secretary Nicholas F. Brady, described as fearful that some of the packages being debated may "spook" Wall Street and cause a worsening of the economy, has also argued vehemently that the White House could lose control of the political debate again this year and end up with a bad package and a losing political issue.

Foley's pledge of action highlighted a day of intensified maneuvering on Capitol Hill, as Democrats and Republicans rushed to stake out positions on tax relief and economic recovery with an eye to the 1992 election. Each side fears being outflanked at a time when voters are expressing deep fears about the economy.

Office of Management and Budget Director Richard G. Darman and House and Senate Republican leaders have tentatively agreed to a series of measures, including a reduction in the capital gains tax and an increase in the number of people who can take tax deductions for contributions to Individual Retirement Accounts.

SPEAKER THOMAS S. FOLEY
... open to talks on capital gains

But White House officials said Darman is only in what one called "a discussion mode" and that he has Bush's approval to agree only on proposals the president has already made, such as reducing capital gains taxes. Whether to offer a middle-class tax cut and how to pay for it, a senior official said last night, "is totally still up in the air."

House and Senate Republican leaders have agreed to one-year extensions of research and development credits and health care deductions for self-employed workers, as well as tax incentives for first-time home buyers, all of which Bush has endorsed or proposed previously.

But last night, it was unclear whether Bush wants a bill. One senior official said the president wants to look at new production figures due Monday, in light of suggestions from some of his economic advisers that the economy is not in as bad shape as some are suggesting and that "doing nothing may be more economically sound than trying to fight a recession that is over . . . ."

Congressional Republicans, who fear the recession has soured voters on the administration's domestic policy, echo Democratic calls for action this year. Sen. Phil Gramm (R-Tex.) has endorsed in concept a proposed tax credit for children, largely aimed at the middle class, that Senate Finance Committee Chairman Lloyd Bentsen (D-Tex.) introduced over the weekend.

Yesterday, House Minority Whip Newt Gingrich (R-Ga.) asserted that the Democratic leadership has an obligation to give the GOP package a fair hearing this year. "If you want to have an effect on the economy and have people feeling better about the economy, you have to act now," he said.

Republicans also intend to reintroduce a bill to pay for extended unemployment benefits by auctioning federal broadcasting frequencies. Twice this year, Bush has effectively killed or vetoed Democratic-backed legislation that would have used deficit financing to pay for up to 20 weeks of additional benefits for unemployed workers who have exhausted their assistance.

Yesterday, the House Ways and Means Committee approved another unemployment bill, this one providing up to 13 weeks of additional benefits and paid for by increasing the federal unemployment tax on employers by $5.3 billion over the next five years.

While House and Senate Democrats are divided over the best form of tax relief. Foley said he favors a proposal by Rep. Thomas J. Downey (D-N.Y.) to provide an $800 refundable tax credit for children that would be financed by raising the top income tax rates bracket from 31 percent to 35 percent and imposing an 11 percent surcharge on those with incomes above $250,000.

Overall, the bill would lower taxes for 134 million Americans and raise them for 15 million, according to one analysis. Poor people with tax liability less than the credit would get the difference as a refund.

One official said there are "three camps" within the administration—ranging from a go-slow approach of Brady, to a middle-ground approach said to be embraced by White House Chief of Staff John H. Sununu, to a much more radical approach proposed by Housing and Urban Development Secretary Jack Kemp and some House Republicans.

Vice President Quayle, who met with House Republican leaders on the economic issue yesterday, was said by sources who heard his views to be inclined toward the radical approach, including a major administration push for domestic budget cuts, not just defense cuts.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01a. Note	To John Sununu Re: Attached Paper on Monetary Policy (1 pp.)	n.d.	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Economy - National 1991

Open on Expiration of PRA
(Document Follows)
By GP (NLGB) on 10/28/05

Date Closed: 1/4/2005	**OA/ID Number:** 29153-005
FOIA/SYS Case #: 1998-0004-F[2] **Re-review Case #:** 2005-0426-S **P-2/P-5 Review Case #:**	**Appeal Case #:** **Appeal Disposition:** **Disposition Date:**
AR Case #: **AR Disposition:** **AR Disposition Date:**	**MR Case #:** **MR Disposition:** **MR Disposition Date:**

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Presidential Records Act - [44 U.S.C. 2204(a)]

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P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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(b)(9) Release would disclose geological or geophysical information

John,

This reflects comments/suggestions from Nick and Dick. Nick suggests you deliver it to the President so that he can read it prior to our meeting. I will bring copies to the meeting in the event it seems reasonable to go through it, but I will wait to take my cue on it from you. Let me know if you have any other suggestions with respect to the memo or its discussion.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Paper	Monetary Policy of the Federal Reserve (2 copies) (14 pp.)	n.d.	~~P-2~~, ~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Economy - National 1991

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By SP (NLGB) on 10/28/05

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1. Chairman Greenspan's term as Federal Reserve Board Chairman expires August 11, 1991 (his term as Governor expires January 31, 1992). The Chairman's term runs for 4 years, and hence the new Chairman will serve through the summer of 1995.

2. The Fed's monetary policy has great impact on the economy. Obviously, the conduct of monetary policy depends heavily upon the Chairman of the Federal Reserve Board. While far from the sole influence on the course of economic activity, monetary policy is a major determinant of output and employment in the short and medium term, and the primary determinant of inflation over the longer term. There is general agreement that monetary policy works only after a long lag (on average around three quarters), e.g., once a sustained tightening or easing of monetary policy begins, its effects show up several quarters later. <u>The growth of the money supply is not only a necessary input to sustain economic growth, but can by itself, if slowed enough, as it has been for the last several years, guarantee a sluggishly growing economy (with inflation falling somewhat more rapidly than it otherwise would).</u>

3. The state of the economy will strongly affect the political climate through both the economic condition of American households and businesses, and through its effect on government revenues, outlays, the budget deficit, and the resources available. <u>Hence, the future course of monetary policy is immensely important to the success of your Presidency.</u>

4. There is a general consensus that monetary policy achieved a greater degree of credibility during the 1980s than in the 1970s: inflation was much lower and a long economic expansion ensued; this credibility in principle makes it easier for the Fed to adjust to shocks to the economy, such as the recent oil price shock. Also, maintaining this credibility is important for future economic stability, e.g., keeping inflationary expectations in line.

5. The goal of monetary policy should be a credible and predictable expansion of the money supply at a rate sufficient to support solid economic expansion, while continuing to make gradual progress in reducing inflation. Some people, using the old Keynesian Phillips curve (inflation/unemployment or inflation/growth trade off) argue that lower inflation can <u>only</u> be had by continued substantial slack in the economy, with high unemployment. We reject this view. A reduction in expectations of inflation brought about by credible monetary policy (and fiscal policy, such as maintaining the credible budget agreement reached last year) will engender confidence that we will not "reinflate," which will reduce inflationary expectations, and long-term bond rates.

6. The rate of growth of the money supply over a sustained period of time (for example, a year) will heavily determine the course of economic growth. As can be seen from Chart 1, the Federal Reserve has generally been lowering its money growth target range. Moreover, it has allowed money to grow sluggishly toward the bottom of these ranges, and then has adjusted downward the level of the target to where the money supply ends the year--which recently has been <u>well</u> below the middle of the target range. <u>This cumulatively has led to a substantial slowdown in the growth of money and credit, and this has been one of the major reasons for the slowdown in the economy, pictured in Chart 2.</u> Cumulative economic growth in the first four years of your Administration could well turn out to be the lowest in any postwar first term.

7. Note that even if the oil shock had not occurred, the Fed's so-called soft landing strategy would have, at best, narrowly avoided a recession, and still put the country through a sustained period of <u>very</u> slow growth. The cumulative impact on the economy in terms of increased unemployment, lost output, missed investment opportunities, would have been almost the same as an average recession. In any event, the Fed's slow money expansion left <u>no</u> cushion in the event of a shock to the economy, such as the oil shock.

8. Differences between the Administration and the Federal Reserve, while important, have probably been less severe and strained than in most Administrations.

9. A detailed critique of monetary policy since the beginning of your Administration would include the following:

   a. <u>Interest Rate Decisions:</u>

      <u>The Fed inappropriately tightened by raising interest rates in early 1989, after a very substantial increase in 1988.</u> Most if not all of the increase in 1988 was justified, as the economy had been booming, unemployment was reaching historical lows, capacity utilization was high, and there was some legitimate concern that an attempt to continue at that rate as the economy approached capacity might lead to an increase in inflationary expectations and accelerate inflation. Thus, the Fed should get credit for heading off an incipient increase in inflation in 1988. <u>But they went too far and held rates too high for too long.</u> We argued this with them in early 1989 when they misconstrued a temporary blip in the inflation numbers in the first two months of your Administration as a possible permanent increase in the underlying inflation rate. The Fed did not start to ease until mid 1989 when it was clear that the blip in inflation was temporary.

But early in 1990, the Fed decided to stop easing, and the Federal Funds rate remained essentially on a plateau until mid-October when easing began once again. This left the economy with virtually no elbow room should there be some additional external shock, such as from oil markets.

<u>The Fed provided only a token response to the budget agreement and to the oil shock.</u> Our own internal analyses--directly conveyed to them--showed that the Fed should have adjusted to the budget agreement by quickly reducing the Fed Funds rate 150 basis points. We suggested a similar response to the oil shock. However, more substantial easing did not begin until mid-November as it became clear the economy was in a recession.

To summarize, the tightening in early 1988 was clearly appropriate and probably prevented an increase in inflation. However, the subsequent easing was delayed several times--perhaps most harmfully in the Summer and Fall of 1990. When the easing finally came in November 1990 and early 1991, it should have been faster. By early August 1990, the sharp 18-month slowdown in the economy was clear, the oil shock was at hand, and money growth was low. The slowdown itself was virtually equivalent to a recession in terms of reductions in pressures on capacity.

b. <u>Money Growth Decisions:</u>

As mentioned above, another key measure of monetary policy is the money supply together with the money supply growth targets. M2 is the Fed's central money supply measure (see Chart 1). The Fed has gradually reduced the growth rate target for M2 during the last 3 years. This is in keeping with the goal of steadily reducing inflation. The mid-point for M2 growth is now 4.5 percent which would imply a <u>long-run</u> inflation rate of 1.5 percent and a 3 percent growth of potential GNP with no changes in M2 velocity. (It will take a while for inflation to get that low, so the Fed may have to be <u>above</u> its mid-point, unless velocity rises, to support reasonable growth over the short and medium term) <u>Lowering of targets for 1991 was inappropriate, given the weakness in economic activity and the shortfall of M2 at the end of 1990. Money supply growth has generally been below the Fed's targets.</u> This was especially true in late 1990 as the economy was in a recession. Slowing money growth is particularly inappropriate in such a period.

10. There are differences of opinion concerning the economy's growth potential. The long-term average annual real GNP growth rate has been about 3.2 percent in the post-war period. This reflected an average productivity growth rate of around 1.8 percent and an average growth of the effective number of workers of

about 1.4 percent. At different times in the post-war period productivity grew more rapidly and the labor force more slowly. In the 1950s and 1960s, productivity growth was more rapid than the average, and the labor force grew slowly. In the 1970s and 1980s, the labor force and employment grew rapidly, whereas productivity growth was abysmal in the 1970s and rebounded only partially in the 1980s. A fundamental goal of national economic policy, and of your Administration's economic policy, is to enhance productivity growth. While the labor force is likely to be growing less rapidly in the future for demographic reasons, moving back to something like the average post-World War II productivity growth rate of 1.8 percent would allow the economy to grow at around 3 percent. The difference between a 3 percent growth rate (which will <u>require</u> adoption of the pro-growth tax, budget, trade and education policies your Administration has proposed) and the 2--2-1/2 percent growth that some believe is the economy's current long-run potential, is politically immense. It is the difference between arguing over division of a very sluggishly growing pie, and having more resources available to serve important private wants and public priorities. <u>For example, a one percentage point increase in the growth rate (say from 2 to 3 percent) means about $25 billion more in deficit reduction or resources available at the same rate of deficit reduction for other purposes, this amount growing over time.</u> It means that instead of a relatively successful economy and the popular backing, and resources, for some of the things you want to do most, in economic, foreign, defense, and domestic policy areas, the political process would focus on relatively stagnant living standards and distribution or fairness issues. <u>In short, while it seems to be pretty modest, the difference between a solidly growing economy and a poorly or sluggishly growing economy is likely to impact enormously the success of your Presidency.</u>

11. What can be expected from the Fed in the future? The Fed will be concerned about keeping inflation in check and reducing it further. While the costs of low and steady inflation in the 4 percent range are much less than the double digit wildly fluctuating inflation of the 1970s and early 1980s, it is still desirable to pursue a gradually declining inflation rate. Partly, this is because a stable inflation rate in the 4 percent range would eventually become viewed as a political floor with only one direction for inflation to go and that is up. This would worsen inflationary expectations, increase uncertainty about longer-term investments, and unnecessarily raise long-term interest rates. So it is appropriate for the Fed, regardless of the Chairman, to be committed to policies that produce greater price stability over the longer term. With Greenspan as Chairman, the Fed is also very unlikely to make major mistakes. He is a very solid, intelligent, and experienced person who is unlikely to panic in the face of any severe international disruption. However, it is also safe to say that his primary goal would be to get inflation down. He would obviously like to have the economy continue to grow, but it would be foolish to expect him to want

anything other than inflation lower at the end of his second term than it was when he took office.

12. You can probably expect Greenspan to try to steer something of a balance between modest growth and extreme concern about any possibility or appearance of increased inflation. <u>The central bank ought to be vigilant against increased inflation, but must avoid the "only way to get inflation down is to run a soft economy for an extended period of time or to have a recession," way of thinking.</u>

CHART 1

M2 Growth

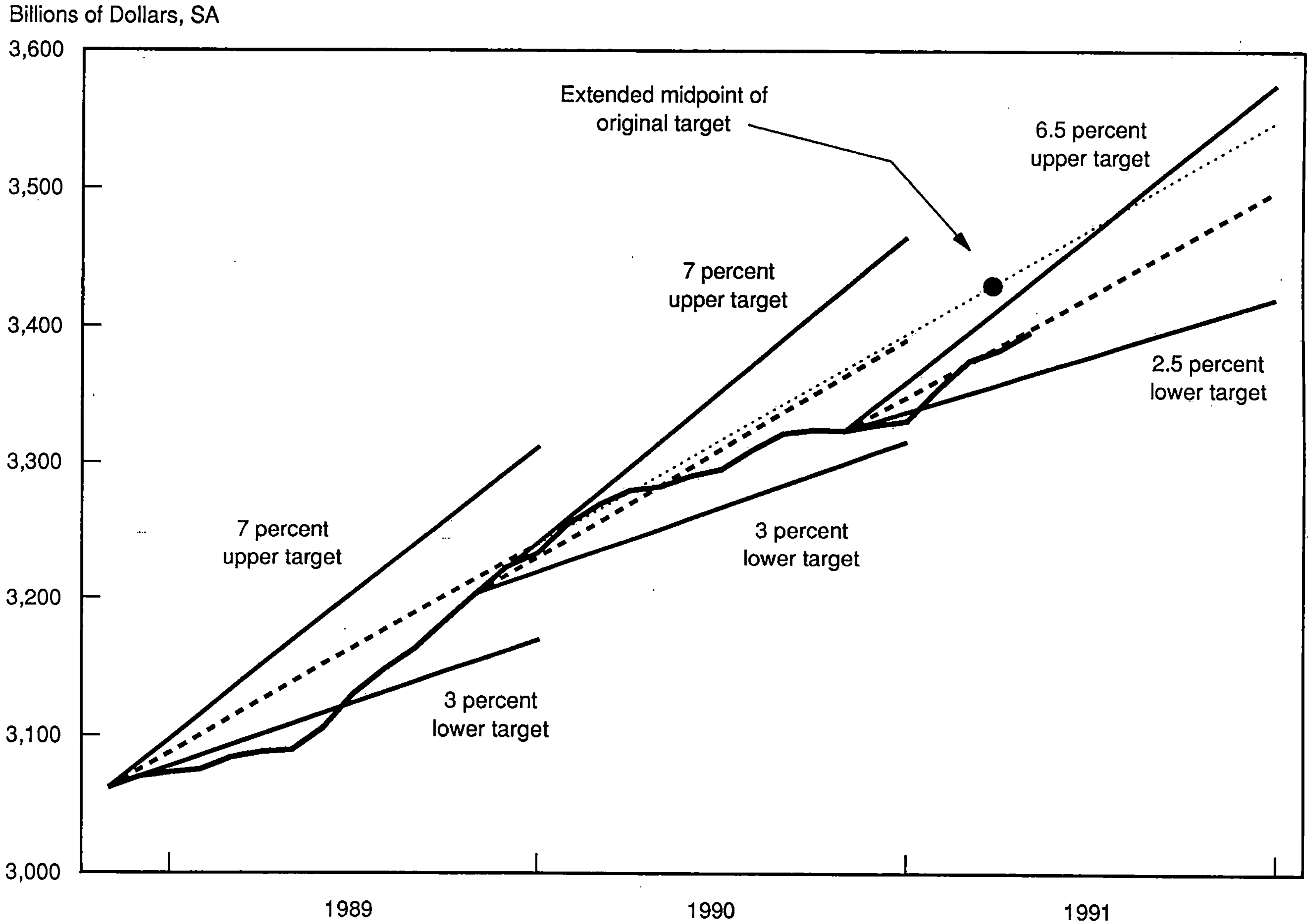
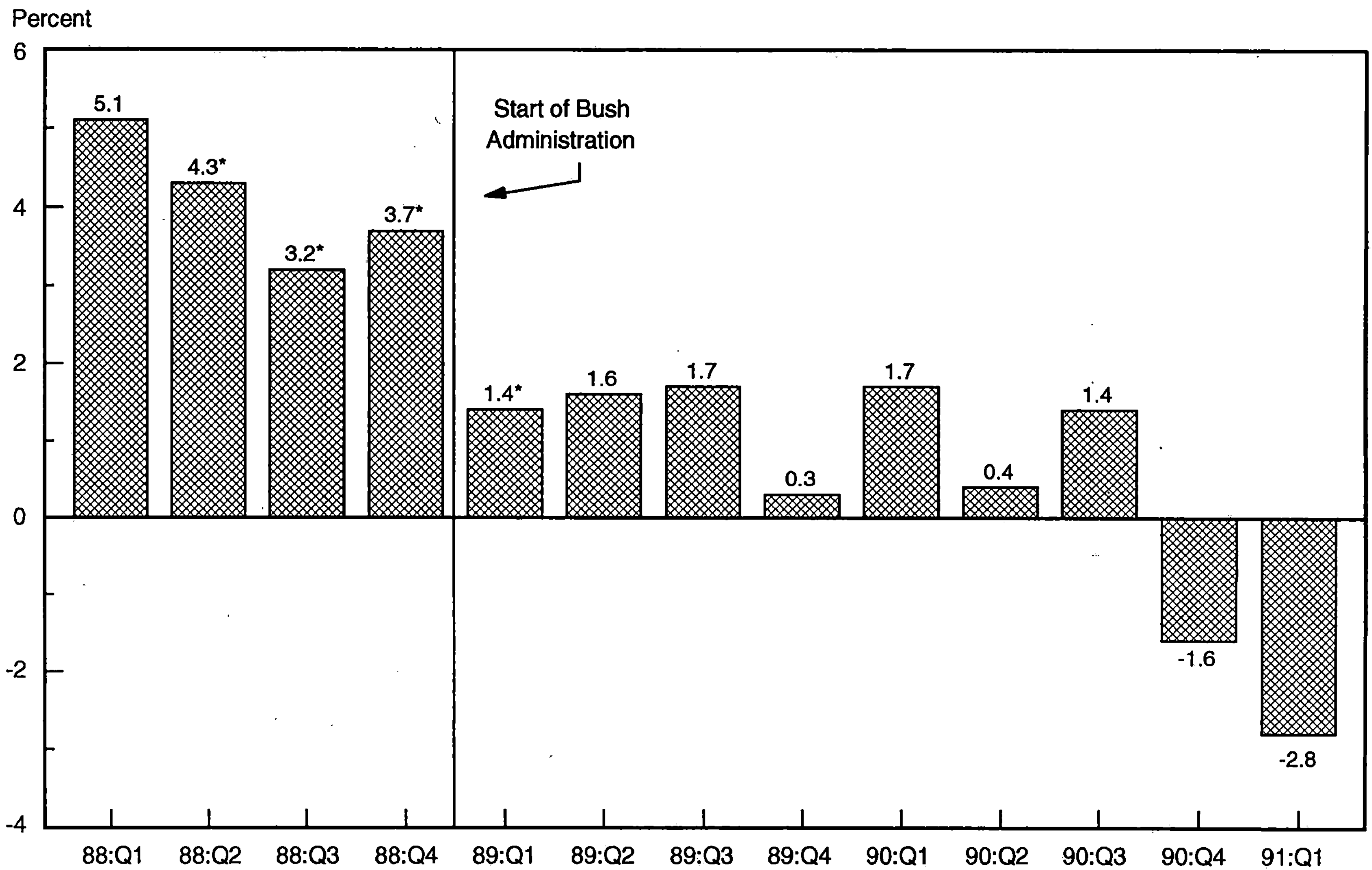


CHART 2

Real GNP Growth



*Data are drought-adjusted

Percent change from preceding quarter, SAAR

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But early in 1990, the Fed decided to stop easing, and the Federal Funds rate remained essentially on a plateau until mid-October when easing began once again. This left the economy with virtually no elbow room should there be some additional external shock, such as from oil markets.

The Fed provided only a token response to the budget agreement and to the oil shock. Our own internal analyses--directly conveyed to them--showed that the Fed should have adjusted to the budget agreement by quickly reducing the Fed Funds rate 150 basis points. We suggested a similar response to the oil shock. However, more substantial easing did not begin until mid-November as it became clear the economy was in a recession.

To summarize, the tightening in early 1988 was clearly appropriate and probably prevented an increase in inflation. However, the subsequent easing was delayed several times--perhaps most harmfully in the Summer and Fall of 1990. When the easing finally came in November 1990 and early 1991, it should have been faster. By early August 1990, the sharp 18-month slowdown in the economy was clear, the oil shock was at hand, and money growth was low. The slowdown itself was virtually equivalent to a recession in terms of reductions in pressures on capacity.

b. Money Growth Decisions:

As mentioned above, another key measure of monetary policy is the money supply together with the money supply growth targets. M2 is the Fed's central money supply measure (see Chart 1). The Fed has gradually reduced the growth rate target for M2 during the last 3 years. This is in keeping with the goal of steadily reducing inflation. The mid-point for M2 growth is now 4.5 percent which would imply a long-run inflation rate of 1.5 percent and a 3 percent growth of potential GNP with no changes in M2 velocity. (It will take a while for inflation to get that low, so the Fed may have to be above its mid-point, unless velocity rises, to support reasonable growth over the short and medium term) Lowering of targets for 1991 was inappropriate, given the weakness in economic activity and the shortfall of M2 at the end of 1990. Money supply growth has generally been below the Fed's targets. This was especially true in late 1990 as the economy was in a recession. Slowing money growth is particularly inappropriate in such a period.

10. There are differences of opinion concerning the economy's growth potential. The long-term average annual real GNP growth rate has been about 3.2 percent in the post-war period. This reflected an average productivity growth rate of around 1.8 percent and an average growth of the effective number of workers of

about 1.4 percent. At different times in the post-war period productivity grew more rapidly and the labor force more slowly. In the 1950s and 1960s, productivity growth was more rapid than the average, and the labor force grew slowly. In the 1970s and 1980s, the labor force and employment grew rapidly, whereas productivity growth was abysmal in the 1970s and rebounded only partially in the 1980s. A fundamental goal of national economic policy, and of your Administration's economic policy, is to enhance productivity growth. While the labor force is likely to be growing less rapidly in the future for demographic reasons, moving back to something like the average post-World War II productivity growth rate of 1.8 percent would allow the economy to grow at around 3 percent. The difference between a 3 percent growth rate (which will require adoption of the pro-growth tax, budget, trade and education policies your Administration has proposed) and the 2--2-1/2 percent growth that some believe is the economy's current long-run potential, is politically immense. It is the difference between arguing over division of a very sluggishly growing pie, and having more resources available to serve important private wants and public priorities. For example, a one percentage point increase in the growth rate (say from 2 to 3 percent) means about $25 billion more in deficit reduction or resources available at the same rate of deficit reduction for other purposes, this amount growing over time. It means that instead of a relatively successful economy and the popular backing, and resources, for some of the things you want to do most, in economic, foreign, defense, and domestic policy areas, the political process would focus on relatively stagnant living standards and distribution or fairness issues. In short, while it seems to be pretty modest, the difference between a solidly growing economy and a poorly or sluggishly growing economy is likely to impact enormously the success of your Presidency.

11. What can be expected from the Fed in the future? The Fed will be concerned about keeping inflation in check and reducing it further. While the costs of low and steady inflation in the 4 percent range are much less than the double digit wildly fluctuating inflation of the 1970s and early 1980s, it is still desirable to pursue a gradually declining inflation rate. Partly, this is because a stable inflation rate in the 4 percent range would eventually become viewed as a political floor with only one direction for inflation to go and that is up. This would worsen inflationary expectations, increase uncertainty about longer-term investments, and unnecessarily raise long-term interest rates. So it is appropriate for the Fed, regardless of the Chairman, to be committed to policies that produce greater price stability over the longer term. With Greenspan as Chairman, the Fed is also very unlikely to make major mistakes. He is a very solid, intelligent, and experienced person who is unlikely to panic in the face of any severe international disruption. However, it is also safe to say that his primary goal would be to get inflation down. He would obviously like to have the economy continue to grow, but it would be foolish to expect him to want

anything other than inflation lower at the end of his second term than it was when he took office.

12. You can probably expect Greenspan to try to steer something of a balance between modest growth and extreme concern about any possibility or appearance of increased inflation. <u>The central bank ought to be vigilant against increased inflation, but must avoid the "only way to get inflation down is to run a soft economy for an extended period of time or to have a recession," way of thinking.</u>

CHART 1

M2 Growth

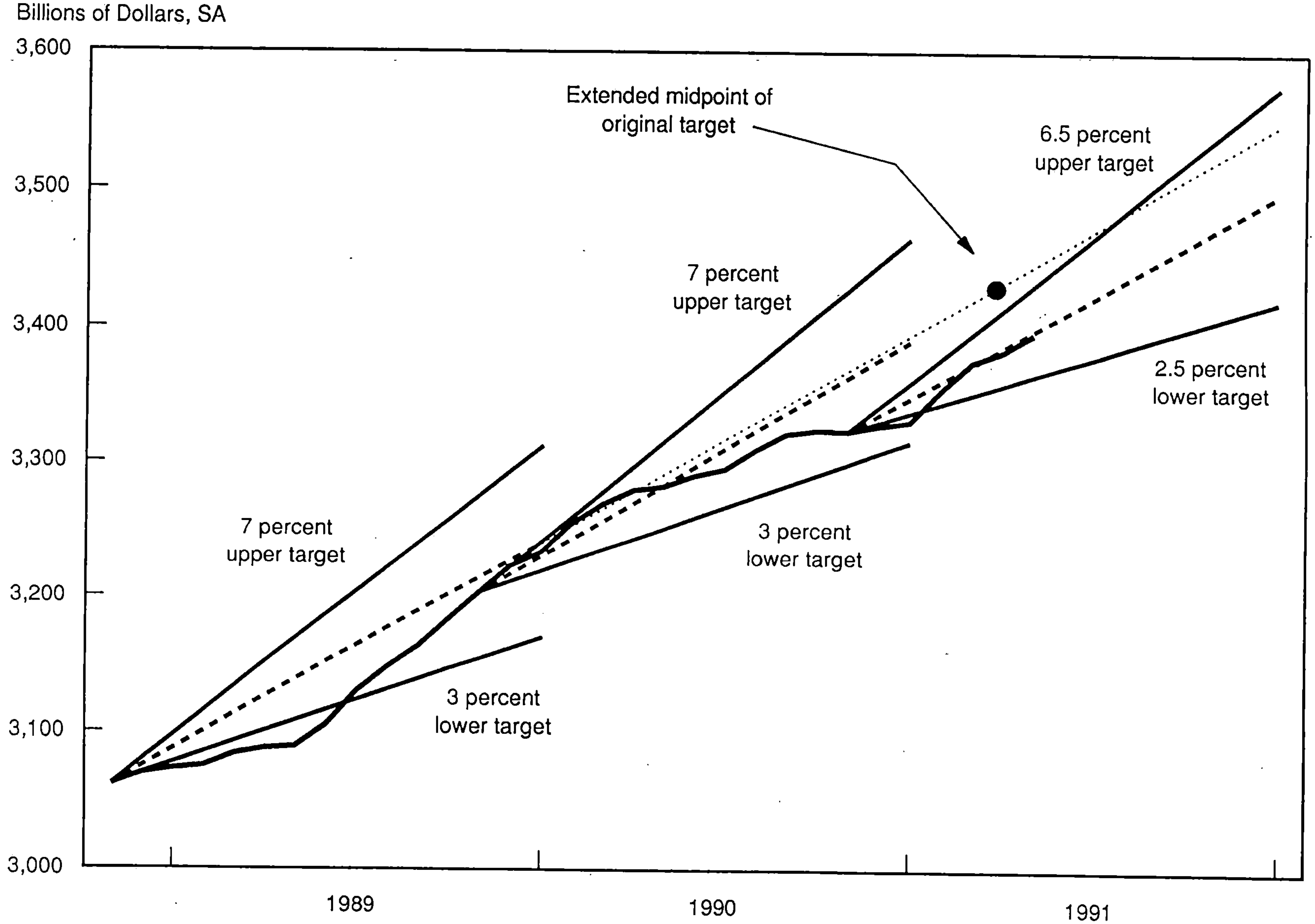
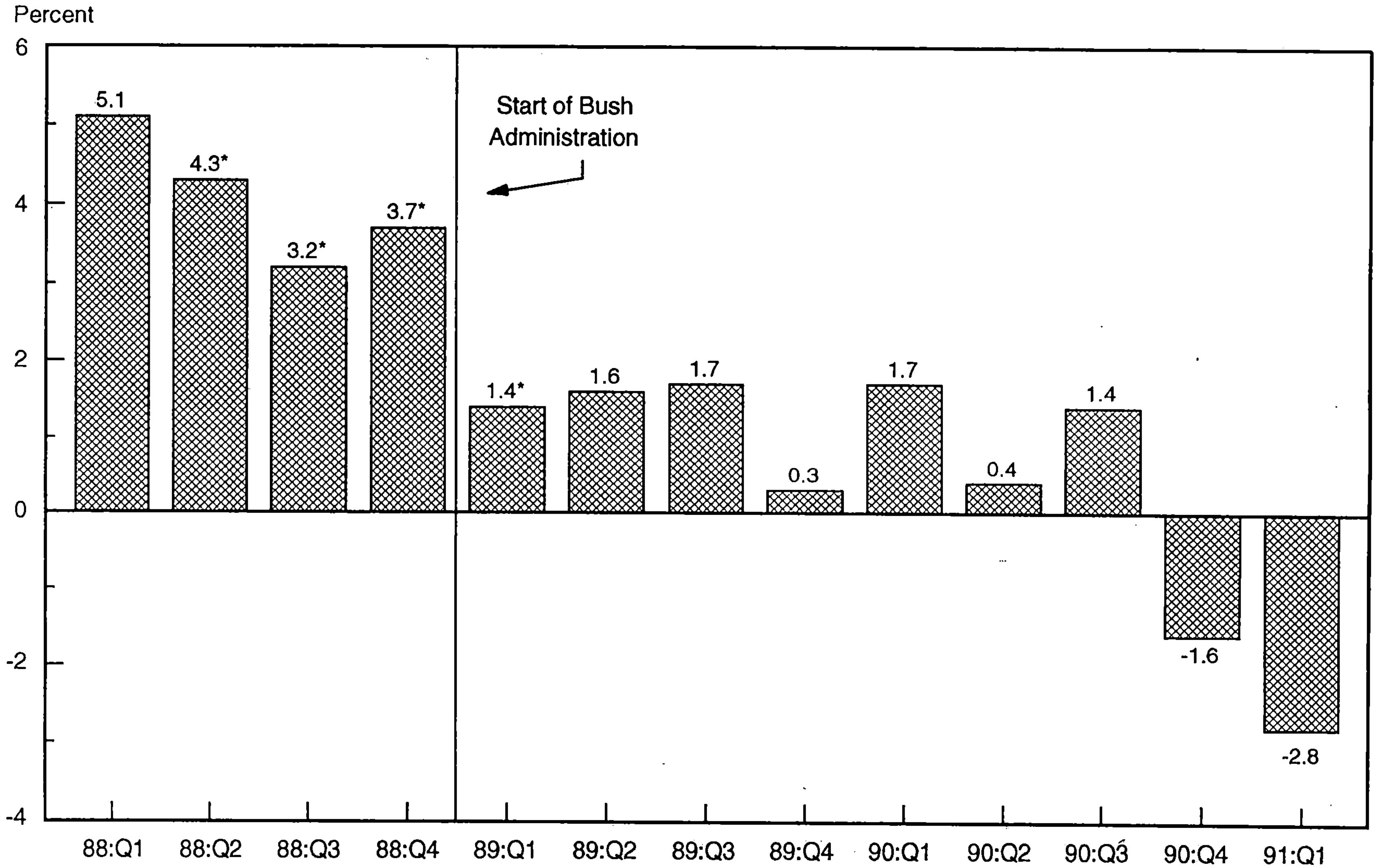


CHART 2

Real GNP Growth



*Data are drought-adjusted

Percent change from preceding quarter, SAAR

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release April 9, 1991

THE PRESIDENT'S ECONOMIC GROWTH AGENDA

FACT SHEET

The President believes that a strong, growing, and dynamic economy enhances job creation and opportunity for all Americans. The Administration is pursuing an economic growth agenda built around four principles:

- Encouraging Savings and Investment
- Opening New Opportunities in International Markets
- Promoting an Educated and Dynamic Workforce
- Reducing the Burden of Government Regulation

I. ENCOURAGING SAVINGS AND INVESTMENT

The President is committed to creating conditions that foster long-term, market-driven economic growth. The Administration is taking important steps to lower the cost of capital and to encourage entrepreneurship, savings, investment, and innovation. The President is pursuing policies that will lower the barriers to the formation of productive capital and ensure that our physical, human, and technological infrastructure remains the finest in the world.

A. Reducing the Cost of Capital

Controlling Government Borrowing

The President is committed to controlling Federal government spending. Last year's budget agreement will decrease the Federal government's borrowing requirements by nearly $500 billion over the next five years. The agreement's spending caps set limits for discretionary spending while a pay-as-you-go system will force new mandatory spending to be offset by revenue increases or reductions in other programs.

Increasing Private Savings in the Economy

The President has repeatedly called for a reduction in the capital gains tax rate and has asked Federal Reserve Chairman Alan Greenspan to lead a technical study of the economic effects of the capital gains reduction.

The Administration's Fiscal Year 1992 Budget also includes proposals for Family Savings Accounts which will create needed incentives to save and penalty-free IRA withdrawals for first-time home buyers.

Encouraging an Innovative and Sound Financial System

The Department of the Treasury's financial industry reform package will help ensure the continued strength of our Nation's financial institutions. Comprehensive banking reform will help alleviate tight credit conditions by reducing unnecessary restrictions on the banking sector.

B. Investing in Infrastructure and Research and Development

Revitalizing our Transportation Infrastructure

The Administration is proposing a significant increase in Federal highway spending, from $14.6 billion in 1991 budget authority to $20.3 billion in 1996. On a cumulative basis, almost $88 billion will be provided for highway construction and rehabilitation over the next five years. The Administration is also proposing a 17 percent increase in funding for our Nation's aviation systems.

Expanding Research and Development

The President's FY 1992 budget includes $76 billion for research and development, an $8.4 billion (13 percent) increase over 1991 levels. To encourage private sector R&D, the President supports the permanent extension of the Research and Experimentation Tax Credit.

Implementing the National Energy Strategy

The President transmitted his National Energy Strategy to the Congress in February. The Strategy is a comprehensive and balanced plan for a secure, efficient, and environmentally sound energy future. Over the next two decades, the Strategy will remove unnecessary barriers to market forces so that ample supplies of affordable energy can continue to foster economic growth.

II. OPENING NEW OPPORTUNITIES IN INTERNATIONAL MARKETS

Throughout the postwar period, the United States has led the world toward a system of free trade and open markets. The benefits of global economic integration and expanded international trade have been enormous, at home and abroad. The President and his Administration are aggressively working with the Congress to remove the remaining barriers to international trade and investment in our own hemisphere and throughout the world. Today, America is in the midst of an export boom. Exports have risen 59 percent in the last 4 years -- twice as fast as imports.

A. Successfully Concluding the Uruguay Round Negotiations

The President's top trade priority remains the Uruguay Round negotiations of the General Agreement on Tariffs and Trade. Success in the Uruguay Round will open agricultural markets, lower or eliminate tariffs on many products, strengthen the GATT system, and extend it to cover important new areas -- such as services, investment and intellectual property -- critical to U.S. economic vitality. A strong multilateral trading system is essential to America's economic future, since it assures our businesses access to growth markets in Europe and Asia.

B. North American Free Trade Agreement

The President has committed with Mexican President Salinas and Prime Minister Mulroney to negotiate a North American Free Trade Agreement (NAFTA). Creation of a NAFTA, with a market of some 360 million consumers and total output of $6 trillion, would be a catalyst for economic growth and development throughout the three countries.

C. Advancing the Enterprise for the Americas Initiative

The Enterprise for the Americas Initiative promises to fuel growth and prosperity throughout this hemisphere by removing barriers to trade and investment. This Initiative also aims to provide official debt reduction to countries engaged in significant economic reforms and thereby to build on the Administration's ongoing support for commercial debt reduction. Restoring Economic growth in Latin America will boost U.S. trade, since the region is a natural market for American goods, services, and investment.

D. Challenging Unfair Trade Barriers

The Administration is pursuing numerous bilateral initiatives aimed at persuading foreign governments to open their markets and remove unfair barriers to American goods, services, and investment. In addition, the Administration is involved in ongoing bilateral negotiations with Japan to identify and eliminate structural factors that may impede balance of payments adjustment and efficient patterns of world trade. Our policy is to address trade concerns by opening foreign markets, not by closing our own.

III. PROMOTING AN EDUCATED AND DYNAMIC WORKFORCE

The President believes that long-term economic growth requires skilled and adaptable workers as well as modern capital and new technology. The Administration is taking important steps to ensure that American workers are well-educated and highly-skilled and that U.S. labor markets remain the world's most dynamic and flexible.

A. Restructuring the Education System

The President is committed to educational excellence for all Americans. He has advocated choice in education, increased flexibility in education-related funding in exchange for greater accountability, alternative certification for teachers and principals, rewards for outstanding teachers and for schools that improve their student's achievements, and innovative approaches to mathematics and science education. In partnership with the Nation's governors, the Administration is working to determine how best to measure and monitor progress toward the national education goals. The President will soon propose a new Educational Excellence Act with additional initiatives.

B. Maintaining Flexible Labor Markets

The President has taken a number of steps to preserve the dynamism which is the hallmark of U.S. labor markets. He has continued to oppose mandated employer benefits which will reduce the options available to employees and slow down job growth in the economy. The President supports flexible benefit packages, negotiated between employers and employees.

The President opposes recent efforts to undermine fifty years of balance in labor/management relations. He objects to current Striker Replacement Legislation that would prohibit employers' ability to continue operations through the use of permanent replacement workers. Cooperation, not confrontation, is the key to international competitiveness.

The Immigration Act of 1990, the first major reform of legal immigration in a quarter-century, will substantially increase the overall level of immigration, particularly of skilled workers. These new workers will contribute to U.S. economic growth, as well as to the Nation's social and cultural viability.

C. Improving our Job Training Efforts

The President has proposed reforms to the Job Training Partnership Act which will target job training efforts on more disadvantaged adult and youth workers. In an effort to reach youth in poverty stricken inner-city neighborhoods and rural communities, a new Youth Opportunities Unlimited (YOU) Program is proposed for up to 40 high-poverty areas. In addition, the Job Opportunities and Basic Skills Program (JOBS) allows the states flexibility in providing AFDC recipients help in acquiring needed job skills.

IV. REDUCING THE BURDEN OF GOVERNMENT REGULATION

The remarkable flexibility of the U.S. economy, which stems from its reliance on free markets, is a major national asset. Government regulations generally reduce economic flexibility and thus should have a very limited role. Where regulation is necessary, regulatory programs should pass strict cost-benefit tests and should seek to harness the power of market forces to serve the public interest, not to distort or diminish those forces.

A. Council on Competitiveness Deregulation Task Force

The Vice President's Council on Competitiveness has formed a task force to study deregulation's effect on the U.S. economy. This task force will examine the Federal government's role in the marketplace by studying the history and costs and benefits of regulations on a wide variety industries: transportation, communications, energy and financial services.

B. **Biotechnology**

The Vice President's Council on Competitiveness recently released the Report on National Biotechnology Policy outlining the Administration's commitment to free market development of biotechnology products. The Report makes 15 recommendations within three broad policy areas: investing in science and technology; risk-based regulation; and a free market environment providing capital and financial resources and protecting intellectual property rights.

C. **Joint Production Ventures**

A proposal has been developed which would encourage manufacturing consortia and joint ventures among industrial competitors. Currently, antitrust laws inhibit such ventures due to uncertainties regarding the risk of prosecution. The current proposals would require the Justice Department to consider global competition when deliberating antitrust issues.

D. **Drug Approval Process Working Group**

The working group has been assembled to review the FDA's drug approval process and propose operational or structural changes. This, in an effort to create a more time conscious and efficient process, especially with respect to experimental drugs, without increasing risk. Further, the group will review the condition of the U.S. pharmaceutical industry and suggest options for maintaining its health and competitive position.

E. **Telecommunications**

Estimates reveal deregulation in the telecommunications industry saves the U.S. economy $45 billion per year. Despite its aggressively dynamic nature the structure, conduct and performance of this industry is still largely determined by legal and regulatory decisions and restraints. Telecommunications is critical to our nation's economic future. Unnecessary regulation must be eliminated and our regulatory policies must be balanced and market based.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. List	Talking Points for the President for Conversation with Alan Greenspan (1 pp.)	n.d.	~~P-2~~, ~~P-5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Economy - National 1991

Open on Expiration of PRA
(Document Follows)
By SP (NLGB) on 10/28/05

Date Closed:	1/4/2005	**OA/ID Number:**	29153-005
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AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Talking Points for the President
for Conversation with Alan Greenspan

- Alan, we need to have an understanding about monetary policy and its impact on the future course of the economy.

- We must make sure that we have <u>solid</u> economic growth, not only in this recovery but over the next few <u>years</u>; that can be consistent with gradually reducing inflation.

- Clearly, the very slow money and credit growth was a major cause of the sluggish growth we had even before the recession.

- There are things that I need to accomplish on many fronts--economic policy, domestic policy, international affairs and national security--that will be made much easier if the economy is growing solidly than if it is growing sluggishly, as it has been since the start of my Administration.

- The Nation--and my Presidency--needs to do substantially better than that over the next few years.

- This will require making <u>sure</u> the Fed supplies ample money and credit growth--even if that is above the middle of your target range.

- Growth close to our historic norm will mean that a lot of problems will be self-correcting and that resources years will be available for important initiatives; growth down in the 1-2 percent range, let alone even lower such as for the past 2-1/2 years, will make it impossible to do things that I think are essential for the Nation's well-being.

G-7 National Saving Trends
(% of GNP)

	1967-73	1974-79	1980-90
U.S. Total	16.0	16.6	13.7
Private	16.6	17.8	16.1
Public	-0.6	-1.2	-2.5
Japan Total	38.0	33.0	31.8
Private	30.3	29.0	26.3
Public	7.7	4.0	5.6
Germany Total	26.9	22.5	22.9
Private	21.5	20.1	20.9
Public	5.4	2.4	2.0
UK Total	20.2	19.1	17.2
Private	13.4	17.2	15.6
Public	6.8	1.9	1.6
France Total	26.1	24.6	20.3
Private	21.3	21.7	18.8
Public	4.8	2.9	1.5
G-7 Total	24.0	23.0	20.5
Private	21.0	22.0	20.3
Public	3.0	1.0	0.2
G-7 Investment	23.5	22.9	20.7

SOURCE: IMF

5/15/91

ECONOMIC POLICY ISSUES FOLLOWING THE G-7 MINISTERIAL

I. Overview

Recent global political and economic developments present the United States with a complex mix of risks and opportunities. Reforms in Eastern Europe and elsewhere, and the decline of Soviet influence, have improved the potential for peace and prosperity in the 1990s.

However, protecting and extending the historic political and foreign policy advances of the past two years will require a favorable economic environment in the industrial countries. The top economic policy priority for the major countries must therefore be to establish a solid world recovery to ensure sustained growth and investment and expanding trade opportunities. The G-7 have agreed on the importance of a sustained recovery with lower interest rates, but differ on the best means to achieve it.

The upcoming London Economic Summit (July 15-17) provides a major opportunity to narrow these differences. However, we will need to move effectively in the coming weeks to lay the basis for a growth-oriented policy consensus at the Summit.

II. The Current Economic and Financial Situation

The current situation is characterized by four key elements:

- Slower global economic growth, with uncertain prospects for recovery due to high real interest rates; declining inflation; higher unemployment; and lagging investment.

- Policy makers focussing primarily on reducing inflation, with reinvigorating growth getting low priority.

- Growing economic pressure on Eastern Europe, due in part to economic conditions in both the USSR and the West; political problems and potential unrest in the East are raising the possibility of mass migration.

- Extensive new demands for capital, while the principal sources of global funding in the 1980s are declining.

The key issue on the economic side is to ensure the growth recovery in the industrial countries that is integral to achieving basic economic, political, and foreign policy objectives. But while some encouraging signs of improvement have begun to emerge in some quarters, including the U.S., substantial downside risks nevertheless remain, particularly in Europe.

- **Japanese** growth is expected to slow to about 3-1/2 percent in 1991 compared with 5.6 percent in 1990, but recent signals suggest the slowdown might be even sharper.

- West **German** growth is officially forecast to slow to 2-1/2 to 3 percent this year; but with the eastern economy still contracting sharply (20 percent in 1990), all-German growth could drop to 1-1/2 percent. Unemployment in the east is effectively 50 percent and investment is disappointing. The budget has gone from near balance to a deficit of 5-1/2 percent of GNP this year despite the largest tax hike in German history.

- Economic tension, fear of heavy immigration and perceived policy disarray have hurt Kohl politically, most recently with the loss of a crucial state election. In Japan, the political situation is problematic, with Kaifu increasingly burdened by his lame duck label. However, there is growing recognition of a potential growth problem, and an apparent growing willingness to act.

- The **U.K.** has likely entered its fourth quarter of recession, with inflation falling but real short-term interest rates near 8 percent and unemployment above 8.5 percent. Major's recent election setbacks suggest rising political costs.

- With negative economic growth in the last quarter of 1990, soft exports, and a rising trade deficit, the **French** are increasingly concerned about overall growth prospects. In **Italy**, the Andreotti government fell amid fiscal concerns at a time of slowing growth and real interest rates near 6 percent. **Canada** has posted at least four straight quarters of recession, with unemployment back above 10 percent for the first time since 1985.

Economic reform in Eastern Europe and Latin America, the reunification of Germany, and reconstruction in the Middle East have created extensive new demands for investment capital. However, the principal sources of global funds in the 1980s (Japanese and German surpluses) are declining, raising the potential for excessive pressure on global interest rates. Stronger economic growth and increased national saving in the industrial countries will be needed to ensure adequate financial resources.

III. Issues Relating to a Possible Policy Approach

Our concerns about downside political and economic risks were not widely shared at the G-7 meeting. The Europeans believe the best policy for medium-term growth is to continue to focus on anti-inflation monetary policies. U.S. proposals for increased growth and monetary easing have been seen by many as short-term stimulus for political reasons, with potentially serious inflationary effects in the future.

Nevertheless, we believe that a continued effort to focus on the need for a growth-oriented strategy is appropriate. Indeed, sentiment may be shifting somewhat toward greater recognition of the need for such an approach. The French solidly support the U.S. view and the Japanese are showing some signs of willingness to consider monetary easing. Furthermore, the Italians have reduced their interest rates by one percentage point as evidence of increased concern about diminished growth.

A continued effort on our part, however, must comprehend more than just monetary policy, to include savings, trade and structural policies. In addition, we should take care to assure others that we fully recognize the need for vigilance on potential inflation risks, and are not indifferent to these risks. The objective facts indicate that inflation pressure is fading. We need to continue to emphasize that the balance of concern should reflect these changing circumstances and that the focus of policy efforts should be on ensuring adequate growth. The current circumstances provide some scope for economic policy responses in the major countries.

In considering a broad-based policy approach that could provide the basis for addressing these concerns, a number of key issues must be examined.

1) What is the potential for monetary easing abroad in light of continued concern about inflation risks and, in the case of Europe, the exchange market limitations imposed by EMS membership?

2) What is the scope for an international effort to raise national saving, and what might be the implications of such an effort for the United States?

3) What additional steps could be taken to complete the Uruguay Round successfully within the current narrow window of opportunity (June-January)? Is there scope for trade measures that could be targeted specifically for the benefit of Eastern Europe given domestic political sensitivities in key sectors?

4) How might additional momentum be created for deregulation, subsidy reduction, and other structural reforms in light of the political and bureaucratic obstacles in the industrial countries?

IV. ANALYSIS OF KEY POLICY ISSUES

There follows below a preliminary analysis of these issues which could facilitate consideration of the possible elements of a package.

1. Potential for Monetary Easing

At the G-7 meeting, the Japanese expressed concern that an easing of monetary policy could result in a repeat of earlier experience in which efforts to promote growth through short-term measures resulted in an expansion that could not be sustained because of renewed inflation and speculative pressures in real estate and financial markets. However, the Japanese are reassessing their position as slowing growth and declining inflation have strengthened the case for interest rate reduction.

The German Bundesbank is unwilling to ease at this time to protect its hard-nosed reputation for independence and in the face of high budget deficits and substantial pressures on the wage front. G-7 pressure on the Bundesbank is unlikely to be effective although Chancellor Kohl is willing to listen, and his upcoming visit provides an opportunity to raise the issue.

The Bundesbank's course constrains somewhat the flexibility of other European central banks through the exchange market limitations normally imposed by the European Monetary System. (The others cannot independently cut interest rates without the possibility of weakening their currencies relative to the DM; eventually, the result could be either a politically embarrassing EMS realignment or a policy reversal by the "offending" country.)

Nevertheless, in the current circumstances there appears to be some maneuvering room for interest rate cuts outside Germany. The weakness of the DM (reflecting growing market concern about German economic policies and prospects after unification) and the fact that other currencies are not presently under pressure within the system means that the others have some room to depreciate (and interest rates to decline) without triggering an EMS realignment.

- <u>Italy</u> just cut its discount rate 1 percentage point as part of a larger package of deficit reduction measures and in light of the lira's strength within the EMS.

- The <u>U.K.</u> has been able to reduce interest rates 200 basis points recently without undermining sterling, and would be prepared to cut further as long as the sterling/DM parity holds. Any action will be taken cautiously, however.

- The French have also been able to make small interest rate reductions recently and privately express a willingness to cut further. But they will not make any move that could lead to a franc devaluation.

Further cuts by these countries would likely put pressure for a complementary interest rate reduction by Spain, an appropriate move for a country whose currency is now at the top of the EMS and widely seen as unsustainably strong.

2. Raising National Saving

For the industrial countries as a group, national saving (public plus private sectors) declined significantly as a share of GNP during the 1980s. The lion's share of the decline is accounted for by reduced government saving (rising budget deficits), relating to some extent to social spending. Private sector saving has also declined, partly reflecting demographic trends such as aging populations.

A fundamental resolution of the problem of inadequate global saving and high real interest rates will require that we address the impact of public policy on saving rates and an assessment of policy measures that might correct the problem. To illustrate, had national saving last year remained at the average GNP share of 23 percent during the 1970s, rather than its actual 20.5 percent, additional saving in the neighborhood of $300 billion would have been generated. The G-7 could help advance consideration of the global savings issue by undertaking a study examining the policy issues.

However, efforts to address the savings shortage issue in the G-7 will inevitably focus on the United States, where budget deficits are large, private saving is low, and the tax structure is perceived to discourage saving. While welcoming our recent budget reforms, others are skeptical that our deficit reduction objectives will be met. They will argue that fundamental resolution of the global savings shortage must involve additional U.S. measures on taxes, government expenditures, and private saving.

3. Trade Policies

Trade policy offers key opportunities for G-7 countries to improve the economic prospects of the developing world and Eastern Europe. Obviously, successful completion of the Uruguay Round represents a major positive contribution and should remain a top priority. Assuming Fast Track authority is extended, it will be important for the Summit to give the Round the political impetus needed for completion by January. The window of opportunity for reaching an agreement is very short and the G-7 must act in the June-January period.

The Summit also offers an opportunity to push for selective measures that would provide additional support for Eastern Europe, particularly where those countries are competitive, such as agriculture and textiles. We could push for lowered MFN duty rates, reduced quantitative restrictions, and conclusion of the EC's Association (free trade) agreements. The Summit might also help address the use of export credit arrangements that may be displacing East European goods from traditional markets.

The President has already announced trade initiatives for Eastern Europe that we could seek to build upon. The Europeans too are moving to provide additional opportunities for Eastern Europe. Their association agreements may well be completed before the Summit, and they will provide data to show that Europe is absorbing a larger share of East European exports than other regions, including the United States. Any additional measures will need to recognize opposition to liberalizing politically sensitive areas such as textiles, steel and agriculture for the special benefit of Eastern Europe.

4. <u>Strengthening Private Markets</u>

Excessive regulations and subsidies in the industrial economies impede market efficiency, diminish the effectiveness of traditional macroeconomic policies, impose heavy budget costs, and reduce the potential for growth without inflation pressures.

Reducing these distortions would ideally be a key element of a growth-oriented strategy for the industrial countries. Greater G-7 progress on deregulation would have an important and positive demonstration effect for East European and developing nations undergoing their own difficult structural reforms. It would provide concrete evidence of the willingness of the industrial countries to make politically difficult adjustments as well as provide new opportunities for the non-industrialized world on the basis of comparative advantage. Moreover, subsidy reductions would contribute to higher national saving.

The existence and cost of major structural impediments in industrial countries has been amply demonstrated, and reform progress has been made in some areas. However, translating calls for coordinated moves into specific policy improvements has had limited success due to the political sensitivity of the policy issues and the fact that responsibility for many structural policies lies outside the institutions represented in the G-7. It would thus be important for the Summit to give political impetus to reforms.

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Paper	Growth Strategy for the Summit (4 pp.)	n.d.	(b)(1)	S

Collection:

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File Location: Economy - National 1991

Date Closed:	1/4/2005	**OA/ID Number:**	29153-005
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AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information