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THE WHITE HOUSE

WASHINGTON

August 12, 1988

MEMORANDUM FOR ALAN M. KRANOWITZ
MARI MASENG
FRANK J. DONATELLI
REBECCA G. RANGE

FROM: PATRICIA MACK BRYAN *pmb*
ASSOCIATE COUNSEL TO THE PRESIDENT

SUBJECT: Revised Materials on Judicial Nominees

Attached are revised copies of (1) the Justice Department talking points on judicial nominations and (2) the list of judicial nominees pending before the Senate. These changes correct inaccuracies in the information Justice provided to us earlier, as well as updating the list of pending nominees to reflect the fact that yesterday Guy Hurlbutt was nominated to serve on the Ninth Circuit Court of Appeals and the following three nominees were confirmed:

1. Herbert Hutton (E.D. Pennsylvania)
2. Simeon Lake (S.D. Texas)
3. Randall Rader (U.S. Court of Claims)

In addition, we have attached a copy of talking points that the Justice Department has prepared to rebut the recent statements made by Senator Kennedy as reported in the attached Washington Post article.

Attachments

cc: Elizabeth I. Board ✓
Nancy M. Kennedy
Clark S. Judge
Nelson Warfield

TALKING POINTS

8-12-88

EMERGENCY -- As of April 1, the Judicial Conference declared each of the federal courts which had had an outstanding vacancy for more than eighteen months to be in a state of "judicial emergency." This was the first time in history that the Judicial Conference ever took such an action.

ADMINISTRATION -- As President Reagan is concerned about the lack of judicial manpower on the federal courts, he is continuing his long established practice of sending judicial nominations to the Senate as quickly as possible, given the constraints of the thorough background investigations which are necessary before a candidate can be nominated.

INVESTIGATIONS -- These include not only investigations by the Justice Department and the White House, but also investigations by the FBI and the ABA. As these investigations are more thorough than ever, the Reagan Administration has given no cause for the current Committee to deviate from the length or type of investigation done by previous Committees.

BACKLOG -- At this time, 28 judicial nominations are pending before the Senate. This is the most ever in the history of our country. Four of these nominations have been there for over one year. Over half of the nominations have been pending for more than three months. While there is historically always a small handful of troubled nominations, those pall in relation to the number of nominees of unquestioned qualification who are awaiting confirmation.

DELAY -- The 28 judges who have been confirmed so far in 1988 spent an average of 109 days before the Committee. This is an 18 day increase over 1987's average of 92 days, which itself was unprecedentedly high in modern times.

HISTORY -- In Congresses prior to the 100th Congress, it took on average only four or five weeks for a judicial nomination to be considered by the Committee and confirmed by the full Senate, no matter which party controlled the Senate and whether the party in control was the same as that of the President.

TRIPLING -- During the second session of the 100th Congress, the average period of time a judicial nominee spends in Committee has almost tripled over that of the 99th Congress.

THURMOND -- And judicial nominations were by no means rushed through the Committee during Senator Thurmond's Chairmanship of the 99th Congress. During that Congress, a judicial nominee spent an average of 37 days before the Committee, a longer average amount of time than in any Congress since the 91st,

except for the 96th, during which the Committee had an extraordinary number of judicial nominees to process.

CRITICS -- While critics of the Reagan Administration may argue that if it takes the executive branch six months to nominate a candidate, the Senate should be allotted a like amount of time to confirm a candidate, these critics are comparing apples to oranges. In the pre-nomination stage of the judicial selection process, there are many players involved. In addition to the Justice Department and the White House, these include the FBI, the ABA, senators, and local officials and bar leaders. The role of the Senate in the confirmation process, however, is much more limited. It is merely to judge the qualifications of the single individual before it.

LENGTH -- Executive branch investigations are sometimes long, but unlike Committee investigations, they are never purposely lengthened for the sake of delay. The President has every incentive to send nominations to the Committee as quickly as possible. Unlike the Committee delay, the executive investigations are no longer in this Administration than they have been in past Administrations.

DUPLICATION -- Despite the Committee's lengthy investigations, the Committee has neither been given nor found any material new information to provide a basis to reject as personally unfit even one of President Reagan's lower court nominees during the 100th Congress. This is no doubt because prospective nominees with questionable backgrounds or FBI files are weeded out by the Administration and are thus never sent to the Senate. By the time a nomination reaches the Senate, the Administration, on the basis of its own investigations as well as independent FBI and ABA investigations, is satisfied that the nominee is fit to be a federal judge. There is no need for the Committee to duplicate the background investigations which have historically been the province of the executive branch.

ENDLESSNESS -- While the Committee may no doubt in its own judgment require some additional investigation, it has in certain instances required multiple supplemental investigations as a ruse to hold up consideration of a judicial candidate. This kind of endless investigation forced Governor Treen to ask the President to withdraw his nomination to the Fifth Circuit after nine months had elapsed and his nomination seemed no closer to consideration than it was on the day he was nominated.

ALLEGATIONS -- Every senator on the Committee knows that FBI files are often replete with unsupported allegations and that it is impossible to resolve every single question in an FBI file. Supplemental investigations in many cases lead only to more such allegations and rarely provide conclusive evidence that either exonerates or condemns a candidate. Sooner or later, most FBI

files require a judgment call. We are talking about candidates for the federal bench, not for sainthood.

FBI -- False charges of bad temperament, conflict of interest, or improper or illegal conduct are not uncommon in FBI files. The nature of the legal profession, which consistently makes winners or losers of its members, is such that many lawyers make acquaintances during their careers who will be more than willing to give the FBI derogatory information about them. This has been true from time immemorial. Even incumbent federal judges suffer from negative comments in their FBI files. Only with this Committee has this become a basis for questioning the caliber of nominees.

FAIRNESS -- In fairness to the judicial nominees, each of them is entitled to an up or down vote. If the Committee is uncomfortable with a nomination, it always has the option of recommending its rejection. Requiring one supplemental investigation after another unfairly throws the lives of judicial candidates into turmoil and serves no purpose except delay.

DETRIMENT -- Small and rural practitioners, those who can least afford it, particularly suffer because of Committee delay. While unsure of when their confirmation hearings will take place, or if indeed they ever will, these practitioners are forced to turn down business opportunities that can be necessary to maintain their standard of living. While judicial nominees have historically faced this dilemma, past nominees, unlike those currently awaiting confirmation, were usually assured of having their nominations acted upon within a few weeks.

CONLON -- During the second session of the 100th Congress, the Committee delay has not even been confined to controversial candidates. Although her nomination was in no way a questionable one and despite the desire on the part of many senators to see women rapidly ascend to the federal bench, the Committee allowed almost ten months to elapse before it considered the nomination of Judge Suzanne Conlon.

SENTELLE -- The nomination of Judge David Sentelle, another completely non-controversial candidate, was held up for many months because of allegations by some senators that the Masons, an organization of which Judge Sentelle is a member, and of which many sitting judges and senators are also members, invidiously discriminates against minorities. This was a novel argument and was really nothing more than an attempt to delay Judge Sentelle's confirmation to the D.C. Circuit. The true motivation behind those wanting to block Judge Sentelle's confirmation was fear of Reagan majority on that court, nothing else.

WALKER -- Even the kind of client that a candidate has represented is being used to manufacture controversy. The nomination of Vaughn Walker (N.D. Cal.) is facing opposition because Mr. Walker represented the United States Olympic Committee in a trademark infringement suit against the "Gay Olympics." Mr. Walker has

incurred the wrath of homosexual organizations, which have imputed anti-homosexual sentiment to Mr. Walker solely because of his representation of the USOC. It now appears that the opposition of these organizations may be strong enough for certain senators to claim it as a valid reason to deny Mr. Walker, a highly successful and distinguished San Francisco lawyer, a judgeship. It does not take a lawyer to see that the Senate's refusal to confirm Mr. Walker would set a dangerous precedent, encouraging many of the country's best lawyers (those who might one day aspire to a federal judgeship), to reject clients that might in any way be considered controversial.

ELECTION -- Foot dragging on judicial nominations often appears as the November election approaches, but usually this begins to occur no sooner than September. President Reagan's nominees have given the Senate no cause to abandon this tradition. The ABA ratings of the Reagan appointees, which are among the highest the ABA has ever given, bear out the fact that the Reagan judges are among the best and most professionally qualified judges on the bench.

CARTER -- In 1980, although 17 Carter nominees were not confirmed by the Senate, all but five of those were nominated on or after July 30. The 1980 precedent offers no justification for the current backlog of nominations. Furthermore, even though it seemed clear in 1980 that the Republicans would take control of the White House after the November election, more than half of the judges President Carter appointed were confirmed in the latter half of the year.

BIDEN -- Committee Chairman Biden's promise to provide an up or down vote on every one of President Reagan's candidates and to avoid "playing politics" with the process was made publicly in an exchange during a Judiciary Committee markup. (December 3, 1987 Hearing of the Senate Judiciary Committee, pages 38-42.)

PENDING JUDICIAL NOMINEES
(August 12, 1988)

CHARLES BUTLER (S.D. Ala-Mobile)

Nominated: April 28, 1988

ABA: WQ

Status: Hearing on June 29, 1988

Background: Private practice; former Mobile
County DA known for cleaning up
the political corruption associated
with the Wallace machine

Support: Supported by Reps. Callahan and Dickinson.
Sen. Heflin undecided

VAUGHN WALKER (N.D. Cal-San Francisco)

Nominated: December 18, 1987

ABA: Q

Status: Hearing on June 13, 1988

Background: Partner at Pillsbury, Madison & Sutro;
former President of the Lawyer's Club
of San Francisco

Support: Supported by Sen. Wilson and opposed
by Sen. Cranston

ROBERT BONNER (C.D. Cal-Los Angeles)

Nominated: June 15, 1988

ABA: WQ

Status: No hearing scheduled

Background: United States Attorney in Central
District of California recognized
for his efforts in prosecuting
defense procurement fraud and white
collar crime.

Support: Supported by Sen. Wilson

DONALD ABRAM (D. Col-Pueblo)

Nominated: February 19, 1988

ABA: Q

Status: Hearing on June 29, 1988

Background: U.S. Magistrate in District of
Colorado

Support: Supported by Sen. Armstrong and
opposed by Sen. Wirth

WILLIAM ERICKSON (D.Col-Denver)

Nominated: March 23, 1988

ABA: WQ

Status: Hearing on May 16, 1988

Background: Justice of the Colorado Supreme
Court; nationally recognized expert
on criminal justice reform

Support: Supported by Sen. Armstrong

LEWIS BABCOCK (D.Col- Boulder)

Nominated: June 23, 1988

ABA: WQ

Status: No hearing scheduled

Background: Judge on Colorado Court of Appeals

Support: Supported by Sen. Armstrong

MARVIN GARBIS (D.Md-Baltimore)

Nominated: July 6, 1988

ABA: Q

Status: No hearing scheduled

Background: Private practitioner; nationally recognized
expert on tax procedure

Support: Supported by Rep. Bentley

PAUL GADOLA (E.D. Mich-Flint)

Nominated: April 23, 1987

ABA: Q

Status: Hearing on June 22, 1988

Background: Private practice; chairman, Board of
Directors of Mott Community College

Support: Supported by Sen. Riegle and Rep. Kildee and
by Michigan GOP leadership

HOWARD LEVITT (E.D. NY-Long Island)

Nominated: December 22, 1987

ABA: WQ

Status: Hearing on April 21, 1988

Background: Justice on the New York State Supreme Court

Support: Supported by Sen. D'Amato

ROBERT PATTERSON (S.D. NY-New York City)

Nominated: June 14, 1988

ABA: WQ

Status: Hearing on June 27, 1988

Background: Private practice

Support: Supported by Sen. Moynihan and Sen. D'Amato

WOODROW TILLEY (M.D. NC-Greensboro)

Nominated: April 26, 1988

ABA: WQ

Status: No hearing scheduled

Background: Private practice; former United States Attorney

Support: Supported by Sen. Helms

RICHARD VOORHEES (W.D. NC-Gastonia)

Nominated: July 31, 1987

ABA: Q

Status: Pending on Senate floor

Background: Private practice; former President,
Gaston County Bar.

Support: Supported by Sen. Helms

ALEX MUNSON (D.Northern Marianas-Saipan)

Nominated: February 25, 1988

ABA: WQ

Status: No hearing scheduled

Background: Chief Justice of Trust Territory of the
Pacific Islands High Court

Support: Supported by Sen. Wilson

JAMES MCGREGOR (W.D. Penn-Pittsburgh)

Nominated: March 14, 1988

ABA: Q

Status: No hearing scheduled

Background: Judge on Pennsylvania Common Pleas Court

Support: Supported by Sen. Heinz and Sen. Specter

JAY WALDMAN (E.D. Penn-Philadelphia)

Nominated: August 3, 1988

ABA: Q

Status: No hearing scheduled

Background: Counsellor to the Governor;
Assistant United States Attorney;
private practice.

Support: Supported by Sen. Specter

BROOKS SMITH (W.D. Penn-Pittsburgh)

Nominated: July 28, 1988

ABA: WQ

Status: No hearing scheduled

Background: Judge on Pennsylvania Common Pleas Court

Support: Supported by Sen. Specter and Sen. Heinz

LEON JORDAN (E.D. Tenn-Greenville)

Nominated: July 25, 1988

ABA: Q

Status: No hearing scheduled

Background: Judge on Tennessee District Court

Support: Supported by Rep. Quillen

MELINDA HARMON (S.D. Tex-Houston)

Nominated: June 23, 1988

ABA: Q

Status: No hearing scheduled

Background: Judge on Texas District Court

Support: Supported by Sen. Gramm

ADRIAN DUDLEY (D.VI-St. Thomas)

Nominated: June 20, 1988

ABA: WQ

Status: No hearing scheduled

Background: Private practice; former Assistant
United States Attorney; former President,
Virgin Islands Bar Association

Support: Supported by incumbent Federal judges

SHANNON MASON (E.D. Va-Newport News)

Nominated: February 22, 1988

ABA: WQ

Status: Hearing on April 28, 1988

Background: Private practice

Support: Supported by Sen. Tribble and Sen. Warner and
Rep. Batemen

STUART SUMMITT (2d Circuit-New York)

Nominated: September 23, 1987

ABA: Q

Status: Hearings on April 21, 1988 and June 21, 1988

Background: Private practice; Member, New York State
Commission on Judicial Nomination

Support: Supported by Sen. D'Amato

RICHARD NYGAARD (3rd Circuit-Pennsylvania)

Nominated: May 25, 1988

ABA: Q

Status: No hearing scheduled

Background: Judge on Pennsylvania Common Pleas Court

Support: Supported by Sen. Heinz and Sen. Specter

JOHN DUHE (5th Circuit-Louisiana)

Nominated: June 27, 1988

ABA: WQ

Status: No hearing scheduled

Background: Judge, United States District Court,
Western District of Louisiana

Support: Supported by Sen. Johnston and Rep. Livingston

JACK WEINER (5th Circuit-Louisiana)

Nominated: June 27, 1988

ABA: WQ

Status: No hearing scheduled

Background: Private practice, former President, Shreveport
Bar Association

Support: Supported by Sen. Johnston and Rep. Livingston

PAMELA RYMER (9th Circuit-California)

Nominated: April 26, 1988

ABA: EWQ

Status: No hearing scheduled

Background: Judge, United States District Court, Central
District of California

Support: Supported by Sen. Wilson

GUY G. HURLBUTT (9th Circuit-Idaho)

Nominated: August 11, 1988

ABA: WQ (expected)

Status: No hearing scheduled

Background: Associate General Counsel and Assistant Secretary for
the Boise Cascade Corporation. United States
Attorney for the District of Idaho, 1981.

Support: Supported by Sen. McClure and Sen. Symms

JUDITH HOPE (D.C. Circuit-Washington, D.C.)

Nominated: April 14, 1988

ABA: Q

Status: No hearing scheduled

Background: Private practice; Counsel, Dole for
President Campaign

Support: Supported by D.C. Republicans and D.C. Bar
Association

SUSAN LIEBELER (Fed. Circuit-Washington, D.C.)

Nominated: March 23, 1987

ABA: Q

Status: Voted out of Judiciary Committee without
recommendation. Pending on Senate floor.

Background: Commissioner, U.S. International Trade
Commission; Professor at Loyola University
Law School

Support: Supported by Sen. Specter and Sen. Gramm.
Opposed by Sen. Heinz and protectionist
Democrats.

Talking Points

COMPARISON -- While Senator Kennedy is attempting to compare the status of the current judicial nominations to those pending in August, 1980, he is comparing apples to oranges. As the attached charts reveal, all of the judicial nominees that were pending in 1980 were confirmed with the exception of seventeen, twelve of whom were nominated on or after July 30, and ten of whom were nominated on or after August 26, which is still two weeks away. Thus, only five of the seventeen nominees that were not confirmed in 1980 were in a position that is at all comparable to the one in which 28 nominees are today. These nominees have been pending an average of 165 days, including sixteen who were nominated prior to May 27.

INCREASE -- Furthermore, as President Reagan will continue to send nominations to the Senate, there may be as many as 35 judicial nominations pending by the time the Senate returns on September 6. This would exceed by far any earlier backlog.

BIDEN -- Even if the status of the nominations pending today were in any way comparable to that of the nominations pending in 1980, Senator Biden, the Chairman of the Senate Judiciary Committee, on December 3, 1987 explicitly pledged not to play politics with the nominations. "We are getting into the season where in other administrations, in other times of leadership, Republicans as well as Democrats have said, moving into election years, this is it; time to stop consideration. This Chair has no intention of doing that, unless it is agreed by all it is going to be politics as usual."

POLITICS -- This Administration is not playing "politics as usual." While a very few of President Reagan's nominations, like those of any President, have been controversial, the vast majority of the judicial nominees awaiting confirmation are undeniably fine judges and lawyers who are entitled to their "day in court" before the Judiciary Committee.

HOPE -- For example, Judith Hope was nominated by President Reagan for a position on the D.C. Circuit on April 14, 1988 but so far no hearing on her nomination has been scheduled or is even possible before September 6, 1988. Yet in 1980, Ruth Bader Ginsburg was nominated to the D.C. Circuit by President Carter on April 14, eight years to the day before Mrs. Hope was nominated by President Reagan to the same court; unlike Mrs. Hope, Judge Ginsburg was confirmed by the Senate on June 18, scarcely two months after her nomination.

RYMER -- Another example is Pamela Rymer, nominated by President Reagan for a position on the Ninth Circuit on April 26, 1988. Despite receiving the highest rating possible from the ABA, "EWQ," a rating which is by no means easy to come by for even the most distinguished lawyers and judges, no hearing on Judge Rymer's nomination has been scheduled.

Status of Judicial Nominations Not Acted On Prior to 1980 Election (30 September 1980)*

<u>Name</u>	<u>Court</u>	<u>Nominated</u>	<u>Confirmed</u>	<u>Time Elapsed</u>
James Jones	W.D. Va.	5/17/79	-----	502 days
Andrew Jefferson	5th Cir.	10/11/79	-----	355 days
Walter Heen	D. Haw.	2/27/80	-----	216 days
James Sheffield	E.D. Va.	4/9/80	-----	174 days
John Sprizzo**	S.D.N.Y.	6/2/80	-----	120 days
Howard Sachs	Eighth Cir.	7/30/80	-----	62 days
Miguel Giminez	D.P.R.	7/31/80	-----	61 days
Gerald Arnold	E.D.N.C.	8/26/80	-----	35 days
Gerald Lacky	N.D. Ohio	8/28/80	-----	33 days
Peter Lowry	W.D. Tex.	8/28/80	-----	33 days
Eugene Nickerson	2nd Cir.	8/28/80	-----	33 days
David Roberts	D. Me.	8/28/80	-----	33 days
Nicholas Bua	7th Cir.	9/10/80	-----	20 days
Raymond Finck	D. Virg. Isl.	9/10/80	-----	20 days
Israel Glasser**	E.D.N.Y.	9/17/80	-----	13 days
Ralph Nimmons	M.D. Fla.	9/17/80	-----	13 days
Phillip Weinberg	E.D.N.Y.	9/17/80	-----	13 days

* This was the last date that the Senate was in session before the election.

** Candidate renominated and appointed to bench by President Reagan.

Status of Judicial Nominations Not Acted Upon Prior to 1988 Election (6 September 88)*

<u>Name</u>	<u>Court</u>	<u>Nominated</u>	<u>Confirmed</u>	<u>Time Elapsed</u>
Susan Liebeler	Fed. Cir.	3/23/87	-----	533 days
Paul Gadola	E.D. Mich.	4/23/87	-----	502 days
Richard Voorhees	W.D.N.C.	7/31/87	-----	403 days
Stu Summit	2nd Cir.	9/23/87	-----	349 days
Vaughn Walker	N.D. Cal.	12/18/87	-----	263 days
Howard Levitt	E.D.N.Y.	12/22/87	-----	259 days
Donald Abram	D. Colo.	2/19/87	-----	200 days
Shannon Mason	E.D. Va.	2/22/88	-----	197 days
Alex Munson	D. N. Mar.	2/25/88	-----	194 days
James McGregor	W.D. Pa.	3/14/88	-----	176 days
William Erickson	D. Colo.	3/23/88	-----	167 days
Judith Hope	D.C. Cir.	4/14/88	-----	145 days
Pamela Rymer	9th Cir.	4/26/88	-----	133 days
Woody Tilley	M.D.N.C.	4/26/88	-----	133 days
Charles Butler	S.D. Ala.	4/28/88	-----	131 days
Richard Nygaard	3rd. Cir.	5/25/88	-----	104 days
Robert Patterson	S.D.N.Y.	6/14/88	-----	84 days
Robert Bonner	C.D. Cal.	6/15/88	-----	83 days
Adriane Dudley	D. Virg. Isl.	6/20/88	-----	78 days
Lewis Babcock	D. Colo.	6/23/88	-----	75 days
Melinda Harmon	S.D. Tex.	6/23/88	-----	75 days
John Duhe	5th Cir.	6/27/88	-----	71 days
Jacques Wiener	5th Cir.	6/27/88	-----	71 days
Marvin Garbis	D. Md.	7/6/88	-----	62 days
Leon Jordan	E.D. Tenn.	7/25/88	-----	43 days
Brooks Smith	W.D. Pa.	7/28/88	-----	40 days
Jay Waldman	E.D. Pa.	8/3/88	-----	34 days
Guy Hurlbutt	9th Cir.	8/11/88	-----	26 days

* As the Senate will not be back in session until Sep. 6, 1988, none of these nominations will be acted upon before that time.

Thornburgh Wins Judiciary Panel Support

Senate Vote Expected Today on Attorney General Nominee, 3 Others

By Ruth Marcus
Washington Post Staff Writer

The Senate Judiciary Committee yesterday unanimously endorsed former Pennsylvania governor Richard L. Thornburgh to become the nation's 76th attorney general, replacing Edwin Meese III and ending one of the most controversial periods in the history of the Justice Department.

Sen. Edward M. Kennedy (D-Mass.), saying that Thornburgh joins the Justice Department "at a difficult time," urged speedy Senate confirmation of Thornburgh "in the interest of getting new leadership at the Justice Department as quickly as possible."

Sen. Arlen Specter (R-Pa.) made

a similar point, noting that the department "is in urgent need of new leadership at this time."

Senate action is expected today on Thornburgh and three others: Harold G. Christensen to become deputy attorney general, Francis A. Keating II to become associate attorney general and Edward S.G. Dennis Jr. to run the criminal division.

The panel's action on Thornburgh occurred without debate and on a voice vote. Sen. Strom Thurmond (R-S.C.) then raised what has become the traditional lament at committee sessions, asserting that he was "more concerned now than ever over the committee's processing of judicial nominations."

Thurmond's statement drew a spirited defense of the Democratic

majority's conduct from Kennedy. "This senator is getting tired of sitting here at every meeting and hearing the senator from Vermont unfairly criticized for the outstanding job he does," Kennedy said of Sen. Patrick J. Leahy (D).

Sen. Alan K. Simpson (R-Wyo.) complained that the panel had not acted on many nominees, including Judith Richards Hope, nominated to the federal appeals court here. "These are not Republican dregs," he said. "These are not baby Borks."

But Kennedy, citing precedents of Republicans stalling confirmation of judges nominated by Democratic presidents, noted, "There were 28 nominees pending in August 1980 and there are 28 pending in the Senate today."



RICHARD L. THORNBURGH
... end of a controversial era

Economic Bulletin

August 5, 1988

**Snapshot of the Economy:
Robust Growth Continues**

When it comes to economic growth, things are not as good as they seem — they are better. America's robust economy has expanded far more over the past several years than most people realized.

In July, the Commerce Department revised its report on the real gross national product (GNP) to show that the economy actually grew by 3.5 percent from the fourth quarter of 1984 to the fourth quarter of 1987, not the 3.2 percent originally reported. Last year alone, GNP rose 5.0 percent, not the 4.0 percent first reported. Commerce's revisions again confirm that the Reagan expansion has set a new peacetime record.

And the economy is still growing and creating jobs. An improving trade sector and strong business investments helped increase GNP to a 3.1 percent annual rate in the second quarter. First quarter GNP was up 3.4 percent.

Capital investment continued to increase in the second quarter with investments in plant and equipment up 12.5 percent over the past four quarters. The trade balance improved, with real merchandise exports up 26.6 percent this year. The deficit in real net exports fell 40.1 percent since the third quarter of 1986. The index of leading indicators for June, which suggests where the economy is going in the coming months, rose an impressive 1.4 percent.

The employment figures for July confirm that the economy has grown for 68 consecutive months. Last month, the economy added 283,000 jobs, including 70,000 manufacturing jobs, and brought to 2.3 million the number of jobs created this year. Since November 1982, 17.6 million jobs have been created. Unemployment in July rose 0.1 percent for civilian workers to 5.4 percent. Since December 1987, unemployment has declined 0.4 percentage points.

Inflation Holds Steady

President Reagan is the first President since the end of World War II to cut substantially both unemployment and inflation at the same time. This makes it all the more difficult for critics to scorn the economy's success. But that has not stopped them from predicting that either the expansion will bust or inflation will boom, or both.

Some predict rising food prices and greater use of our industrial capacity will fuel inflation. But the President's detractors do not have much evidence. All

Recent Indicators...

Civilian Unemployment Rate (July)	5.4%
Consumer Price Index (June)	↑ 0.3%
Second Quarter GNP	↑ 3.1%
Personal Income (June)	↑ 0.7%
Number of Americans Employed (July)	116,732,000
Jobs Created Since November 1982	17,633,000

signs point toward continuing growth at a moderate pace and without a surge in inflation.

Others are concerned that the drought drying up farmers' crops will shortly start drying up consumers' buying power by boosting inflation. But food accounts for only 16 percent of the items used to calculate the Consumer Price Index (CPI). The bulk of consumer food prices are determined by processing, packaging and distribution costs.

Equally important, the drought does not affect all farm products or all farm regions. In California and Florida, where more than half of our fruits and vegetables grow, the drought has had little impact.

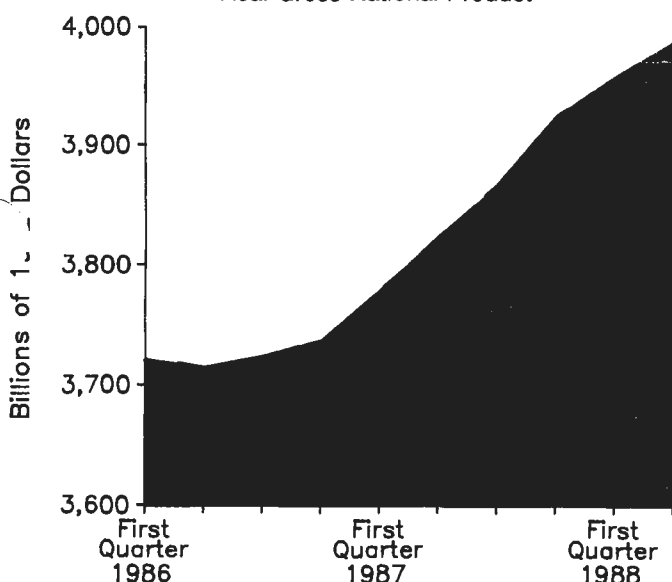
Use of our industrial capacity has increased this year, but the rates of use remain below their previous peaks. The moderate increase in rates masks the fact that many industries reporting high use of their capacity are reducing rates while those with low rates of use are seeing them rise.

Manufacturing firms will increase real spending on new plants and equipment by 13 percent in 1988, up from 1 percent in 1987.

The CPI is up 4.0 percent over the past 12 months. Even when inflation is measured by the CPI without the volatile effects of energy prices, it remains in the 4 percent range.

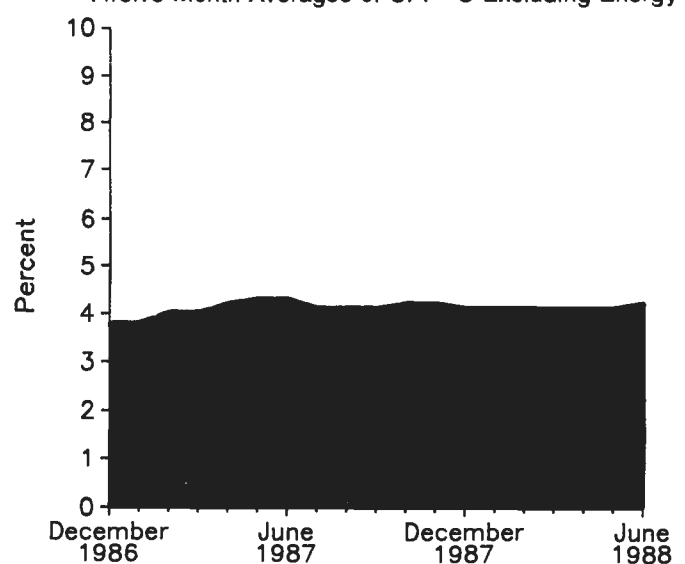
EIGHTEEN MONTH TRENDS

RIISING REAL OUTPUT
Real Gross National Product



STABLE LONG RUN INFLATION

Twelve Month Averages of CPI - U Excluding Energy



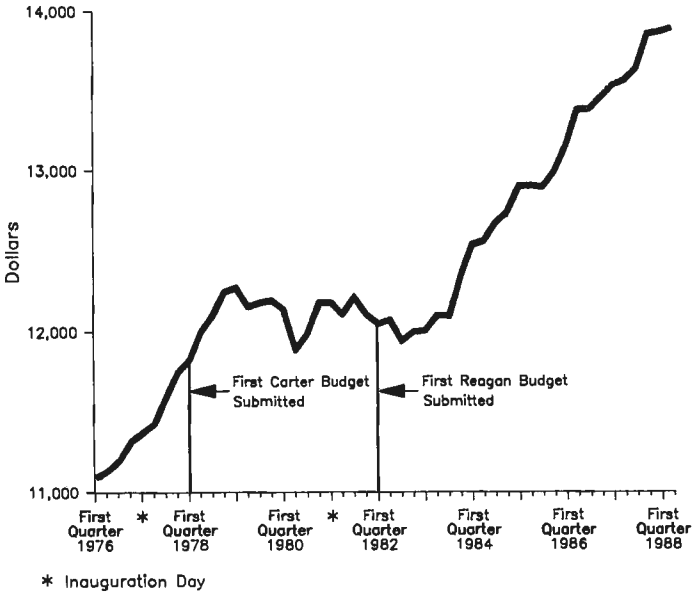
Are We Better Off?

We heard a lot of gloom and doom recently about the state of American families and the condition of the economy. We were told Reaganomics meant taking from the poor and giving to the rich at the expense of the middle class. And we heard the economy is like a piece of Swiss cheese — full of holes.

At the end of this month, the Census Bureau is to issue a report which is an important barometer on the progress of the economy. These annual data track family and per capita income as well as the number of Americans in poverty last year.

Until those figures are available, let's look at the facts. Since late 1982, when the President's policies began to take hold, the income of each of us, after inflation, increased an average of 15.9 percent. Real per capita personal income has grown in every region of the country.

RISING REAL PERSONAL INCOME PER CAPITA

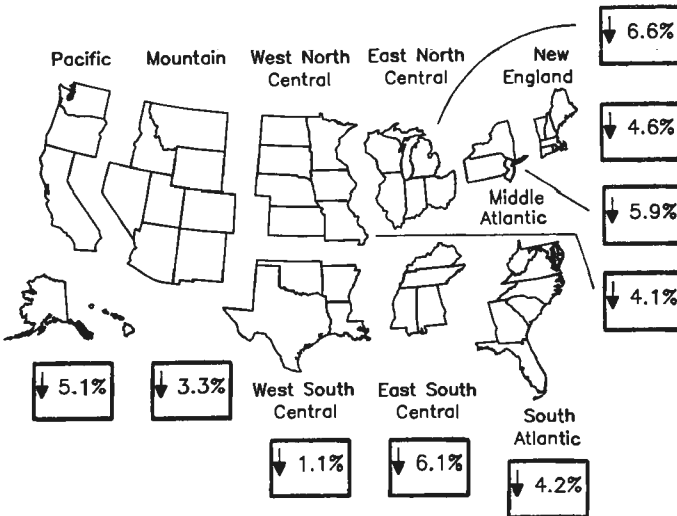


All demographic groups have experienced increases in real income. For blacks, real per capita cash income increased 15.5 percent between 1981 and 1986. For Hispanics, real per capita income was up 7.6 percent. And women's real median income grew by 14.6 percent.

These same groups also experienced high rates of employment growth and big declines in unemployment rates. Since the expansion began in November 1982, black employment has risen 28 percent, with the black unemployment rate falling 8.8 percentage points to the lowest level since 1974. Hispanic employment has grown 44 percent and the unemployment rate has fallen by 7.2 percentage points. Employment for women is up 20 percent and the unemployment rate is down 4.5 percentage points.

FALLING REGIONAL UNEMPLOYMENT RATES

From 1983 to 1988



Note: Based on state data for the first six months of each year, not seasonally adjusted.

The expansion has worked its way into every region of the country. While some communities still struggle with economic problems, the unemployment rate in all parts of the U.S. has declined since 1983.

America's Thriving Families

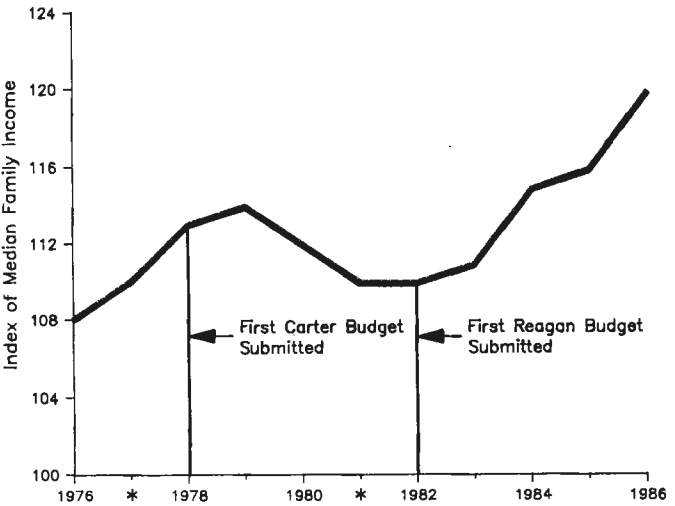
A recent study of family income trends by the Congressional Budget Office (CBO) found the mid-1980s have been a boom time for families, although families are smaller now.

CBO says real median family income increased by 20 percent between 1970 and 1986, after the size of our families and housing costs are accurately reflected in measuring inflation. Half of that income growth occurred during the Reagan recovery.

All households have done well, too. Census Bureau data show the Reagan expansion has helped many previously poor and middle-income households raise their standard of living.

RISING MEDIAN FAMILY INCOME

Adjusted For Inflation and Family Size



Source: Congressional Budget Office tabulations of Current Population Survey data.

* Inauguration Day

After correcting for inflation, real median household income rose 7.3 percent — to \$24,897 — between 1981 and 1986, after falling from 1977 to 1981. The percentage of households making under \$25,000 fell and the percentage making over \$25,000 rose.

PERCENTAGE DISTRIBUTION OF HOUSEHOLDS

By Income in 1986 Dollars

	Under \$10,000	\$10,000-\$24,999	Over \$25,000
1981	20.7	33.6	45.7
1986	19.2	31.0	49.9

Black Americans in particular have enjoyed gains in real household income. Between 1981 and 1986, the number of black households with real income less than \$10,000 fell from 39.1 percent to 36.2 percent. Those with real income between \$10,000 and \$25,000 fell from 35.2 percent to 33.8 percent. The over \$25,000 share jumped from 25.7 percent in 1981 to 30.0 percent in 1986.

"These improvements in incomes did not happen sheer good luck," says Beryl W. Sprinkel, Chairman of the Council of Economic Advisers. "They happened because President Reagan got Government off the backs of business and out of the pockets of the people so we could recover from the economic disasters of the late 1970s. Now inflation is a third of what it was in 1980 and we are enjoying economic expansion and job creation nationwide that is still setting records. That is why Americans, as individuals and as families, are now better off."

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THE WHITE HOUSE
WASHINGTON

August 9, 1988

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AUG 11 1988

MEMORANDUM FOR ADMINISTRATION SPOKESMEN

MEDIA RELATIONS

FROM: MARION C. BLAKEY *MCB*
DIRECTOR OF PUBLIC AFFAIRS

SUBJECT: July Highlights

Attached for your information and use is a summary of the Administration's good news for the month of July.

If you have any questions concerning this material, please feel free to contact the White House Office of Public Affairs at (202) 456-7170.

Thanks very much.

WHITE HOUSE TALKING POINTS

JULY HIGHLIGHTS

Economy continues to grow. The index of leading economic indicators rose a strong 1.4 percent in June, the largest increase since December 1985, according to the Commerce Department. Personal income increased for the fifth consecutive month, rising by 0.7 percent. And sales of new one-family houses jumped 8.4 percent in June.

Soviets begin destroying missiles. The Soviet Union began destroying its more than 1,700 intermediate- and short-range missiles banned by the U.S.-Soviet Intermediate Nuclear Forces Treaty.

More religious minorities allowed to leave Soviet Union. A humanitarian agency assisting Soviet emigrants reported that 1,339 Soviet Jews and 300 Pentecostals were allowed to emigrate to the West in July, the highest outflow in eight years.

More states drop below 5 percent jobless rate. A total of 24 states and the District of Columbia had jobless rates under 5 percent in May of 1988, eight more than a year ago, according to a Labor Department release.

Job expansion continues. Employment increased by 283,000 in July, bringing the total number of new jobs created to 17.6 million since November 1982.

Drug kingpin gets maximum sentence. In what was called the most important drug prosecution in U.S. history, Colombian drug dealer Carlos Lehder, a leader of the Medellin cocaine cartel, was fined \$350,000 and sentenced to life imprisonment without parole plus 135 years, the maximum jail time allowed by law for his crimes.

College graduates winning higher wages. This year's college graduates received higher salary offers than last year's, according to a College Placement Council survey. The survey found the increase was particularly strong in business employment.

New orders are strong. New orders for non-defense capital goods increased 13.2 percent in June, the biggest increase since December 1985. Domestic and foreign orders for machine tools rose to \$382.45 million in June, 88.6 percent higher than those of a year earlier, according to the National Machine Tool Builders Association.

WHITE HOUSE TALKING POINTS

Administration pushes drought relief. President Reagan traveled to Illinois and Iowa to focus attention on the urgent need for rapid and responsible drought relief legislation. The President and Agriculture Secretary Richard Lyng worked to develop an aid package to assist drought-stricken farmers while staying within budget guidelines.

UDAG program finally cut. Administration efforts to eliminate funding for the unnecessary and inefficient Urban Development Action Grant (UDAG) program won approval with the passage of House and Senate appropriations bills supporting the Administration's denial of new UDAG funding for 1989.

Business equipment and plant investments rise. Investment in producers' durable equipment, after inflation, rose at an annual rate of 14.8 percent and investment in plant structures rose 11.8 percent in the second quarter, contributing significantly to the 3.1 percent growth rate in real GNP.