

**THE INTERNATIONAL OUTLOOK**  
**Memo for talk to International Journalists, Atlanta Chamber of Commerce**  
**May 2, 1988**

- I. Look for continued growth in world economy of around 2 percent this year.
  - A. 1988 outlook for U.S. is for GNP to grow at around 2.5 percent annual average.
    1. 2.3 percent growth in Q1 1988 shows we are on track.
    2. Inflation to range between 4 and 4.5 percent, with pressure expected to grow somewhat as year goes on.
    3. Unemployment 5.6 to 6 percent.
  - B. Other advanced economies mixed--sluggish growth and high unemployment likely to persist in Europe; Japan to be strong; modest inflation everywhere from lows of below 1 percent in Japan and Germany to around 5 percent in Italy.
    1. Germany should have 1.5 percent growth, 9-10 percent unemployment.
    2. France 1.5 percent growth, Italy around 2 percent; double-digit unemployment in both.
    3. U.K. strongest outlook in Europe--2.75 percent growth, unemployment below 9 percent.
    4. Canada 2.75 percent growth, unemployment around 8-9 percent.
    5. Japan 3.5 percent growth; unemployment under 3 percent
- II. These outlooks revolve around structural transition brought on by dollar's fall.
  - A. U.S. drawing more strength than earlier in expansion from exports, less from consumption; opposite--more consumption, fewer exports--for US trading partners.
  - B. Good for U.S. manufacturing, agriculture; but may mean higher prices here, slower growth in living standard.
  - C. Japan's unemployment now low, should weather shift fairly well; Europe's high, could strengthen protectionist sentiment.
- III. The trends in the international and national economies will mean continued growth for Atlanta, but probably at a somewhat slower rate than in the past.
  - A. Atlanta's recent economic strength derives from growth in services, trade rather than manufacturing, and the increase in exports should have biggest effect on industrial output.
    1. Services and trade growth attributable largely to immigration--growth fuels more growth as new jobs attract people to relocate.
    2. Also a function of city's position as transportation hub, first of railroads and later of 3 major interstate highways.
  - B. The presence of a world-class international airport solidifies the city's position

as a transportation center, and suggests that Atlanta's next phase will be more thorough internationalization.

1. Currently seeing increasing activity.

a. Atlanta and Georgia attractive to foreign investment.

b. Some of our businesses expanding aggressively into foreign markets.

IV. The issues in developing foreign business the same for Atlanta as for the rest of the nation.

A. Americans in general need to learn how to market to foreign customers.

B. We need to emphasize education, to develop both

1. managers with better preparation, linguistic skills for dealing in the global market

2. And workers who can provide the levels of productivity and quality required for global competitiveness.

C. We must also work against the tendency in America and all countries of the world to undermine competition through protectionism.

1. We should not reverse direction toward greater integration of world markets.

2. Globalization of markets is now occurring; will lead to better business climate for all, greater realization of all countries' comparative advantages.

3. I hope the U.S. will continue to set example by working to lower protectionist barriers.