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OA/ID Number: 13831
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Agenda for American Renewal--Detroit Economic Club 9/10/92 [OA 7580] [5]

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Withdrawal/Redaction Sheet (George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	J. D. Foster to Jennifer Grossman, re: Fact Checking and One Liners. (2 pp.)	10/07/92	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Agenda for American Renewal Detroit Economic Club 9/10/92 [5]

**Open on Expiration of PRA
(Document Follows)**
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Date Closed: 12/6/2004	OA/ID Number: 07580
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Re-review Case #: 2004-2265-S	
P-2/P-5 Review Case #:	
MR Case #:	Appeal Case #:
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Presidential Records Act - [44 U.S.C. 2204(a)]

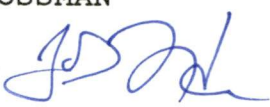
- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advise 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]

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- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- (b)(9) Release would disclose geological or geophysical information

October 7, 1992

MEMORANDUM TO JENNIFER GROSSMAN
FROM: J.D. FOSTER 
RE: Fact Checking and One Liners

The attached page provides the sources and some background information on the facts you needed to be traced.

In addition, if you would allow an economist to make a couple suggestions about the possible Clinton statements that appear to create the most difficulty. First, what to say when Clinton repeats "Read My Lips". There are two approaches, one rhetorical, the other substantive, and both requiring the President to go on the offensive. The rhetorical approach is

- 1) to attack Clinton on some issue where he has flip-flopped -- possibly on NAFTA, or even on his exhaled drug use.
- 2) then quickly admit and pass over the fact that the President had been forced to break the vow, but that he won't make that mistake again -- fool me once, shame on you; fool me twice, shame on me!

The second, substantive approach is

- 1) admit that the President had broken the vow, but he did it because of his concern over the budget deficit. Because of his concern over the deficit and a Democratic Congress that refused to address the deficit without tax increases, he felt at the time there was no alternative but to agree to some tax increases to get some budget restraint
- 2) This is one area, at least, in which the President and Ross Perot agree, that the budget deficit must be reigned in. Governor Clinton's plan makes it plain as day that he doesn't care about the deficit because, even with well over \$150 billion in new taxes, his plan would increase the deficit by \$xx billion over five years.

I believe the second approach is by far the stronger because it ends up on the offensive and makes some important points.

The second issue is the Clinton claim that the economy's performance has been the worst since Hoover.

Answer:

There you go again, trying to tear down the American economy. It's true we haven't grown as fast as we should. But:

- it's also true that we've had five consecutive quarters of positive growth, and that we're growing faster than any other major industrialized country.
- it's also true that we are now the number one exporting superpower in the world. And with the North American Free Trade Agreement in place, (and I thank you, Governor Clinton, for finally endorsing that Agreement), our exports will continue to grow strong for years to come and our trade deficit will continue to decline.
- it's also true that we have the lowest inflation and the lowest interest rates in a generation.
- and, finally, we are completing the adjustments in our economy that have kept our growth down, such as the defense downsizing and the recovery of our financial sector. Combined with the other things I mentioned--strong export growth, low inflation and low interest rates--I believe our economy is poised for a long period of sustained, solid growth.

attachment

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ECONOMY

POTUS: ~~(1)~~ Misery index -- the sum of inflation and unemployment -- is [10.8%], down from 19.6 percent in 1980. *10.6*

Source: [Detroit, Mi.; J.D. Foster, Chief Economist, CEA x 5084.]

~~(2)~~ Inflation has fallen to roughly [3] %;

Source: [Detroit, Mi.; J.D. Foster, Chief Economist, CEA x 5084.]

~~(3)~~ Interest rates are at a [20] year low;

Source: [Detroit, Mi.; J.D. Foster, Chief Economist, CEA x 5084.]

~~(4)~~ Purchasing power of Americans gives us highest standard of living in world.

Source: [Detroit, Mi.;*]

(5) We enjoy highest home ownership rate of all major industrialized countries.

Source: [Detroit, Mi.;*]

~~(6)~~ Over past 12 years we have almost doubled size of our economy. *(81) 3,030 (92) 5,900*

Source: [Detroit, Mi.;*]

(7) With 5% of world's population, we produce 25% of world's total output -- and 37% of its high-tech products. *36*

Source: [Detroit, Mi.*]

~~(8)~~ To nearly double the size of our economy to \$10 trillion economy by early years of next century.

Source: [Detroit, Mi.*] *How could there be any hard copy?*

~~(9)~~ Create enterprise zones in inner cities and rural areas; make R&D tax credit permanent; cut the tax on capital gains and index for inflation; strengthen small business by cutting taxes, making credit available, lifting government regulations;

Source: [Detroit, Mi.*]

The attached sheets are numbered to correspond to the original fact sheet.

- 1) The misery index has actually dropped since this was done. It is now at 10.6% (3.1% inflation plus 7.5% unemployment)
- 2) Inflation now at 3.1%.
- 3) The two sheets give current and historical interest rates. They show that the fact sheet understates the relative position of interest rates in many cases.
- 4) The best measure of standard of living is GDP per capita. The chart shows the U.S. way out in front.
- 5) No luck yet.
- 6) Economy has grown from \$3 trillion in 1981 to \$5.9 trillion in 1992, second quarter.
- 7) The sheets from the Handbook of Economic Statistics verify the 5% and 25% (see pie charts or raw data). The sheets from Science and Engineering Indicators shows 1990 estimate of U.S. high-tech production at 36%, not 37% as in the sheet.

TOTAL EDUCATION EXPENDITURES FROM ALL SOURCES, 1988-89 AND 1992-93
IN CURRENT AND CONSTANT DOLLARS WITH CHANGE AND PERCENTAGE CHANGE

(dollars in billions)

	<u>SCHOOL</u> <u>YEAR</u> <u>1988-89</u>	<u>SCHOOL</u> <u>YEAR</u> <u>1992-93</u>	<u>CHANGE</u>	<u>PERCENT</u> <u>CHANGE</u>
Total funds:				
Current dollars	\$345.6	\$445.4	+\$99.8	+28.9%
Constant 1992 dollars	406.4	445.4	+39.0	+9.6%
Federal funds:				
Current dollars	\$28.8	\$36.7	+\$7.9	+27.4%
Constant 1992 dollars	33.9	36.7	+2.8	+8.3%
Total State and local funds:				
Current dollars	\$222.4	\$287.6	+\$65.2	+29.3%
Constant 1992 dollars	261.5	287.6	+26.1	+10.0%
State funds:				
Current dollars	\$130.2	\$164.0	+\$33.8	+26.0%
Constant 1992 dollars	153.1	164.0	+10.9	+7.1%
Local funds:				
Current dollars	\$92.9	\$123.5	+\$30.6	+32.9%
Constant 1992 dollars	109.3	123.5	+14.2	+13.0%
Other funds:¹				
Current dollars	\$94.4	\$121.1	+\$26.7	+28.3%
Constant 1992 dollars	111.0	121.1	+10.1	+9.1%

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TOTAL EDUCATION EXPENDITURES FROM ALL SOURCES, 1981-82 AND 1992-93
IN CURRENT AND CONSTANT DOLLARS WITH CHANGE AND PERCENTAGE CHANGE

(dollars in billions)

	<u>SCHOOL</u> <u>YEAR</u> <u>1981-82</u>	<u>SCHOOL</u> <u>YEAR</u> <u>1992-93</u>	<u>CHANGE</u>	<u>PERCENT</u> <u>CHANGE</u>
Total funds:				
Current dollars	\$197.8	\$445.4	+\$247.6	+125.2%
Constant 1992 dollars	299.5	445.4	+145.9	+48.7%
Federal funds:				
Current dollars	\$18.5	\$36.7	+\$18.2	+98.4%
Constant 1992 dollars	28.0	36.7	+8.7	+31.1%
Total State and local funds:				
Current dollars	\$128.2	\$287.6	+\$159.4	+124.3%
Constant 1992 dollars	194.1	287.6	+93.5	+48.2%
State funds:				
Current dollars	\$76.3	\$164.0	+\$118.3	+155.0%
Constant 1992 dollars	115.5	164.0	+48.5	+42.0%
Local funds:				
Current dollars	\$51.9	\$123.5	+\$71.6	+138.0%
Constant 1992 dollars	78.6	123.5	+44.9	+57.1%
Other funds:¹				
Current dollars	\$51.1	\$121.1	+\$70.0	+137.0%
Constant 1992 dollars	77.4	121.1	+43.7	+56.5%

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TOTAL EDUCATION EXPENDITURES FROM ALL SOURCES, 1969-70 AND 1980-81
IN CURRENT AND CONSTANT DOLLARS WITH CHANGE AND PERCENTAGE CHANGE

(dollars in billions)

	SCHOOL YEAR <u>1969-70</u>	SCHOOL YEAR <u>1980-81</u>	<u>CHANGE</u>	<u>PERCENT CHANGE</u>
Total funds:				
Current dollars	\$68.5	\$182.8	+\$114.3	+166.9%
Constant 1992 dollars	258.4	300.7	+42.3	+16.4%
Federal funds:				
Current dollars	\$7.6	\$20.0	+\$12.4	+163.2%
Constant 1992 dollars	28.7	32.9	+4.2	+14.6%
Total State and local funds:				
Current dollars	\$44.8	\$117.9	+\$73.1	+163.2%
Constant 1992 dollars	169.0	193.9	+24.9	+14.7%
State funds:				
Current dollars	\$22.3	\$70.8	+\$48.5	+174.9%
Constant 1992 dollars	84.1	116.5	+32.4	+38.5%
Local funds:				
Current dollars	\$22.5	\$47.0	+\$24.5	+108.9%
Constant 1992 dollars	84.9	77.3	-7.6	-9.0%
Other funds:				
Current dollars	\$16.1	\$44.9	+\$28.8	+178.9%
Constant 1992 dollars	60.7	73.9	+13.2	+21.7%

¹ Other spending includes all tuition and fees paid to postsecondary institutions, including Federal student financial aid; research funds from private sources; grants having components from many sources that cannot be separated; endowment funds; teaching hospital revenue not identified as Federal, State, or local; and institutional funds, e.g., donations from private sources.

NOTE: CPI deflators used to determine constant 1992 dollars.
 SOURCE: National Center for Education Statistics.

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EDUCATION FUNDING

(Budget authority in thousands)

Department of Education Total

	<u>1968</u>	<u>1980</u>	<u>Increase from 1968</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	\$3,918,867	\$14,090,222	+\$10,171,355	+260%
Constant 1980 dollars	8,865,212	14,090,222	+5,225,010	+59%
	<u>1981</u>	<u>1993</u>	<u>Increase from 1981</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	14,794,379	32,338,772	+17,544,393	+186%
Constant 1993 dollars	23,732,521	32,338,772	+8,606,251	+36%
	<u>1989</u>	<u>1993</u>	<u>Increase from 1989</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	22,956,417	32,338,772	+9,382,355	+41%
Constant 1993 dollars	26,458,459	32,338,772	+5,880,313	+22%

Chapter 1 ESEA

	<u>1968</u>	<u>1980</u>	<u>Increase from 1968</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	\$1,100,288	\$3,215,343	+\$2,115,005	+192%
Constant 1980 dollars	2,489,058	3,215,343	+726,285	+29%
	<u>1981</u>	<u>1993</u>	<u>Increase from 1981</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	3,104,317	6,946,332	+3,842,015	+124%
Constant 1993 dollars	4,979,815	6,946,332	+1,966,517	+39%
	<u>1989</u>	<u>1993</u>	<u>Increase from 1989</u>	
			<u>Amount</u>	<u>Percent</u>
Current dollars	4,570,246	6,946,332	+2,376,086	+52%
Constant 1993 dollars	5,267,445	6,946,332	+1,678,887	+32%

NOTE. Gross Domestic Product deflators used to determine constant dollars.

UNITED STATES
DEPARTMENT OF EDUCATION

NEWS

FOR RELEASE
September 2, 1992

Contact: Melinda Kitchell
(202) 401-1008

1992 BACK TO SCHOOL FORECAST

The U.S. Education Department today released its 1992 back-to-school forecast reporting another year of record spending and employment in education at all levels.

"These numbers remind us that money alone is not the answer to better schools," said Education Secretary Lamar Alexander.

"During the last 10 years, spending on education has more than doubled -- even after inflation it's still up 40 percent -- while enrollment is only slightly up and results are disappointing.

"We should spend our money on changing our schools: breaking the mold, higher standards, better tests, getting government off the backs of teachers, and giving families more choices of all schools."

According to the department:

- o Total education spending in the U.S. is expected to reach \$445 billion this year, up .5 percent over 1991; after adjusting for inflation, spending is up 40 percent over the last decade;
- o An estimated 70 million Americans, or one in four, will be directly involved in education this year as a student, teacher, administrator, or as support staff. Schools of all types will employ 7.7 million;
- o A record number of college students -- 14.3 million -- will enroll in the nation's colleges and universities this fall. More students will earn bachelor's, master's and doctorate degrees than ever before.

-MORE-

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EXPENDITURES RISE

Spending for public elementary, secondary and higher education should reach \$363 billion, and \$82 billion will be spent by private schools and colleges. The \$445 billion total for the 1992-93 school year is a 5 percent increase over 1991. Educational institutions' expenditures in 1991-92 amounted to about 7.5 percent of the gross domestic product (GDP), and a similar proportion is expected in 1992-93.

K-12 SPENDING SEES LARGE INCREASE

Elementary and secondary schools are expected to spend about \$274 billion in 1992-93, up 5 percent from \$261 billion in 1991-92 (see table 6 and chart 3). After adjusting for inflation, spending is up 40 percent in the ten years since 1982-83.

Per pupil spending for public elementary and secondary schools will reach a record high: \$6,300 in 1992-93, up \$200 from \$6,100 in 1991-92 (table 5). Per pupil spending includes current expenditures, capital outlays, and interest payments on school debt. After allowing for inflation, per pupil spending has grown 35 percent between 1982-83 and 1992-93.

In the last year, the average public school teacher's salary rose by four percent (see table 5). A similar increase is expected this year, which would bring the average annual salary to about \$35,800 in 1992-93, compared with last year's average of \$34,413.

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ENROLLMENT RISES, NEW TREND IN HIGH SCHOOLS

Elementary and secondary school enrollment in 1992 will total 47.6 million, and is expected to rise through the end of the decade, because of a generally upward trend in U.S. births evident since 1977. (In fact, although enrollment has risen slightly over the last decade, it is significantly less than it was 20 years ago. In school year 1971-72, total enrollment was at an all-time high of 51.3 million.)

Public and private elementary and secondary schools 1992 enrollment (see table 2 and chart 1) will continue an upward trend that began in 1985. Elementary school enrollment (grades K-8) should climb 500,000, up from 34.4 million last year to 34.9 million this year.

Enrollment in the nation's secondary schools (grades 9-12) should rise slightly this year, up from 12.6 million last year to 12.7 million this year. The rising number of elementary school students, evident through the late 1980s, has shown up in increased secondary school enrollment. Enrollment increases in grades 9 through 12 are expected for at least 10 more years.

REGIONAL ENROLLMENT INCREASES CENTERED IN WEST AND SOUTH

Regionally, the largest enrollment increases are found in the West, followed by the South, with only slight increases in the Northeast and Midwest. States with the largest percentage enrollment increases in the last five years are Nevada, Arizona, Florida, California, New Hampshire, Washington, Maryland, and Delaware.

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NUMBER OF HIGH SCHOOL GRADUATES REMAINS STEADY

About 2.5 million students are expected to graduate from public and private high schools this year, even with 1991 graduation numbers (see table 7). Until the current school year, the number of high school graduates had been on a generally downward trend (in the peak year of 1977, nearly 3.2 million students graduated).

However, a significant increase in the number of persons graduating from high school is anticipated during the mid-1990s because of the increase in high school enrollment. About three-fourths of youth today earn a regular high school diploma by age 19. [NOTE: Others earn a diploma at older ages or receive a high school equivalency certificate. Data from the Bureau of the Census indicate that about 86 percent of 25- to 29-year-olds have completed high school or its equivalent.] The high school completion rate (including those who complete an equivalency degree) for 19- and 20-year-old whites was 87 percent in 1990, up one percentage point since 1973. During the same time period, the gap between white and black students narrowed, as blacks reached a completion rate of almost 78 percent in 1990, an increase of about ten percentage points. The completion rate for Hispanic students is 60 percent.

SCHOOLS EMPLOY NEARLY 7.7 MILLION

About 3.7 million persons will be employed as elementary and secondary school teachers and as faculty in colleges and

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universities. Other administrative, professional, and support staff of educational institutions will add another 4 million. About 2.8 million elementary and secondary school teachers will teach in U.S. classrooms this fall (see chart 2), up slightly from the number employed in 1991. The number of senior instructional staff members (faculty with the rank of instructor or above) at the college level is expected to be about 868,000, slightly higher than 1991 (Table 4).

COLLEGE ENROLLMENT AT AN ALL-TIME HIGH

The number of college students enrolled in public and private colleges and universities this fall is expected to reach an all-time high of 14.3 million students.

In October 1991, a record high proportion -- 62 percent -- of new high school graduates attended college. College enrollments have reached new peaks, even though the population of 18- to 24-year-olds has decreased in recent years. Higher attendance rates for 18- to 24-year-olds, older persons and women largely account for the increase.

Only modest increases in college enrollment are anticipated through the mid-1990s, since the traditional college-age population will continue to decline for several more years.

EARNED DEGREES REACH NEW PEAK

The number of degrees earned at colleges and universities during 1992-93 are expected to reach all-time highs in all categories except first professional degrees. Estimates are:

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associate degrees, 490,000; bachelor's degrees, 1,131,000; master's degrees, 345,000; and doctorates, 41,000. First professional degrees (medicine, theology, and law), will match the 1985 high of 75,000.

HIGHER EDUCATION SPENDING RISES

Colleges and universities will spend about \$172 billion in 1992-93 (see table 6 and chart 3), up 5 percent in the past year. Since 1982-83, spending by colleges and universities is up 36 percent, after adjusting for inflation. The forecast for the average expenditure per full-time (equivalent) college student for 1992-93 is \$16,600, up 25 percent since 1982-83. The figures cover all campus outlays, including salaries, construction and maintenance costs, and operation of research facilities. On average, tuition covers approximately 25 percent of the total per-pupil expenditure.

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NOTE TO EDITORS: Attached are tables prepared by the National Center for Education Statistics.

More detailed education statistics may be obtained from the Digest of Education Statistics, Projections of Education Statistics, and The Condition of Education, which are prepared by the National Center for Education Statistics, U.S. Department of Education. These publications may be ordered from the U.S. Government Printing Office (GPO) using the stock number and prices below. The Condition of Education, 1992 provides statistical indicators, charts, and text which describe important trends in American education and is available from the GPO (SN 065-000-00505-1; \$25.00 a copy). Also available from the GPO are the Digest of Education Statistics, 1991, a detailed compendium of education data, (SN 065-000-00468-2; \$25.00); and Projections of Education Statistics to 2002, a compilation of projections of key education statistics, (SN 065-000-00473-9; \$12.00).

Table 1.—Estimated number of participants in elementary and secondary education and in higher education: Fall 1992
[In millions]

Participants	All levels (elementary, secondary, and higher education)	Elementary and secondary schools			Institutions of higher education
		Total	Public	Private	
Total	69.6	52.7	46.8	5.9	16.9
Enrollment ¹	61.9	47.6	42.3	5.4	14.3
Teachers and faculty	3.7	2.8	2.4	0.4	² 0.9
Other professional, administrative, and support staff	4.1	2.3	2.1	0.2	1.7

¹Includes enrollments in local public school systems and in most private schools (religiously affiliated and nonsectarian). Excludes subcollegiate departments of institutions of higher education, residential schools for exceptional children, and Federal schools. Elementary and secondary includes most kindergarten and some nursery school enrollment. Excludes preprimary enrollment in schools that do not offer first grade or above. Higher education comprises full-time and part-time students enrolled in degree-credit and nondegree-credit programs in universities, other 4-year colleges, and 2-year colleges.

²Includes full-time and part-time faculty with the rank of instructor or above.

NOTE.—The enrollment figures include all students in elementary and secondary schools and colleges and universities. However, the data for teachers and other staff in public and private elementary and secondary schools are reported in terms of full-time equivalents. The staff data for institutions of higher education include all full-time and part-time professional, administrative, and support personnel. Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, unpublished projections and estimates. (This table was prepared August 1992.)

Table 2. -- Enrollment in educational institutions, by level of instruction,
and by type of control: Fall 1982 to fall 1992
[In thousands]

Level of instruction and type of control	Fall 1982	Fall 1987	Fall 1990 ¹	Fall 1991 ²	Fall 1992 ²
All levels	57,591	58,254	60,160	61,189	61,888
Public	49,262	49,981	51,964	53,013	53,527
Private	8,330	8,273	8,196	8,176	8,362
Elementary and secondary schools ³	45,166	45,488	46,450	47,032	47,601
Public	39,566	40,008	41,224	41,839	42,250
Private	² 5,600	5,479	5,226	5,193	5,351
Kindergarten through grade 8 ⁴	31,361	32,165	33,978	34,422	34,855
Public	27,161	27,933	29,888	30,353	30,663
Private	² 4,200	4,232	4,090	4,069	4,192
Grades 9 through 12	13,805	13,323	12,472	12,610	12,746
Public	12,405	12,076	11,336	11,486	11,587
Private	² 1,400	1,247	1,136	1,124	1,159
Higher education ⁵	12,426	12,767	13,710	14,157	14,287
Public	9,696	9,973	10,741	11,174	11,277
Private	2,730	2,793	2,970	2,983	3,011

¹Preliminary data.

²Estimated.

³Includes enrollments in local public school systems and in most private schools (religiously affiliated and nonsectarian). Excludes subcollegiate departments of institutions of higher education, residential schools for exceptional children, and Federal schools.

⁴Includes most kindergarten and some nursery school enrollment. Excludes preprimary enrollment in schools that do not offer first grade. This undercount of preprimary enrollment is particularly significant for private schools. According to data collected by the U.S. Bureau of the Census, public and private nursery school and kindergarten enrollment of 3- to 5-year-olds grew from 4.9 million in October 1981 to 6.3 million in October 1991.

⁵Includes full-time and part-time students enrolled in degree-credit and nondegree-credit programs in universities, other 4-year colleges, and 2-year colleges. Excludes students in noncollegiate postsecondary institutions.

NOTE. -- Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming); and *Projections of Education Statistics to 2002*. (This table was prepared August 1992.)

Table 3. -- Enrollment in public elementary and secondary schools, by region and State: Fall 1982 to fall 1992 [In thousands]

Region and state	Fall 1982	Fall 1987	Fall 1990	Fall 1991 ¹	Fall 1992 ²
United States.....	39,568	40,010	41,224	41,839	42,250
Northeast.....	7,674	7,252	7,282	7,370	7,461
Connecticut.....	486	465	469	478	488
Maine.....	212	212	215	217	220
Massachusetts.....	909	825	834	842	863
New Hampshire.....	160	166	173	174	189
New Jersey.....	1,173	1,093	1,090	1,110	1,126
New York.....	2,719	2,594	2,596	2,645	2,633
Pennsylvania.....	1,784	1,669	1,668	1,667	1,701
Rhode Island.....	140	135	139	141	142
Vermont.....	91	93	96	97	99
Midwest.....	10,139	9,870	9,937	10,038	10,055
Illinois.....	1,880	1,811	1,821	1,851	1,826
Indiana.....	1,000	964	955	958	968
Iowa.....	505	481	484	491	475
Kansas.....	407	421	437	446	448
Michigan.....	1,675	1,589	1,582	1,587	1,601
Minnesota.....	715	721	756	776	779
Missouri.....	803	802	812	823	838
Nebraska.....	269	268	274	278	275
North Dakota.....	117	119	118	118	117
Ohio.....	1,860	1,793	1,772	1,758	1,787
South Dakota.....	124	127	129	132	132
Wisconsin.....	785	772	798	822	810
South.....	13,945	14,419	14,807	14,926	15,117
Alabama.....	724	729	722	726	730
Arkansas.....	433	437	436	438	441
Delaware.....	93	96	100	102	106
District of Columbia.....	91	86	81	80	81
Florida.....	1,485	1,665	1,862	1,932	1,967
Georgia.....	1,054	1,111	1,152	1,177	1,208
Kentucky.....	651	643	636	634	621
Louisiana.....	784	793	785	695	766
Maryland.....	699	684	715	736	766
Mississippi.....	468	506	502	502	497
North Carolina.....	1,097	1,086	1,087	1,092	1,121
Oklahoma.....	594	584	579	579	572
South Carolina.....	609	615	622	627	636
Tennessee.....	828	824	825	832	835
Texas.....	2,986	3,237	3,383	3,436	3,408
Virginia.....	976	979	999	1,016	1,056
West Virginia.....	375	344	322	320	306
West.....	7,807	8,468	9,198	9,505	9,617
Alaska ³	89	107	114	115	114
Arizona.....	510	572	640	674	685
California.....	4,065	4,488	4,950	5,140	5,260
Colorado.....	545	560	574	593	586
Hawaii.....	162	166	172	174	182
Idaho.....	203	212	221	226	214
Montana.....	152	152	153	153	150
Nevada.....	151	168	201	212	214
New Mexico.....	269	287	302	297	311
Oregon.....	448	456	485	499	488
Utah.....	370	423	448	454	449
Washington.....	739	776	840	869	872
Wyoming.....	102	98	98	99	93

¹Estimated by reporting States.

²Projected by NCES.

³Actual 1991 data.

⁴Data for 1982 exclude schools on Federal bases.

NOTE -- Includes most kindergarten and some nursery school enrollment. Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data survey, "Early Estimates: Key Statistics for Public Elementary and Secondary Education: School Year 1990-91," *Digest of Education Statistics, 1992* (forthcoming); and *Projections of Education Statistics to 2002*. (This table was prepared August 1992.)

Table 4. -- Number of teachers in educational institutions, by level of instruction and by type of control: Fall 1982 to fall 1992
[In thousands]

Level of instruction and type of control	Fall 1982	Fall 1987	Fall 1990 ¹	Fall 1991 ²	Fall 1992 ²
All levels	3,168	3,425	3,585	3,645	3,669
Public	2,639	2,832	2,984	3,041	3,061
Private	529	593	602	604	608
Elementary and secondary teachers ³	2,458	2,632	2,751	2,786	2,802
Public	2,133	2,279	2,397	2,431	2,443
Private	¹ 325	353	354	355	358
Elementary teachers	1,413	1,564	1,680	1,705	1,715
Public	1,182	1,307	1,426	1,451	1,460
Private	¹ 231	257	254	254	255
Secondary teachers	1,045	1,068	1,072	1,081	1,086
Public	951	973	972	980	983
Private	¹ 94	95	100	101	103
Higher education instructional faculty ⁴	710	793	834	859	868
Public	506	553	586	610	618
Private	204	240	248	249	250

¹Preliminary data.

²Estimated.

³Includes teachers in local public school systems and in most private schools (religiously affiliated and nonsectarian). Excludes subcollegiate departments of institutions of higher education, residential schools for exceptional children, and Federal schools. Also excludes preprimary teachers in schools without a first grade. Teachers are reported in full-time equivalents.

⁴Includes full-time and part-time faculty with the rank of instructor or above in universities, other 4-year colleges, and 2-year colleges.

NOTE.-- Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming); and *Projections of Education Statistics to 2002*. (This table was prepared August 1992.)

Table 5. — Total expenditure per student in educational institutions, by level of instruction and by type of control, and average salary for public school teachers: 1982–83 to 1992–93
[In current and constant dollars]

Level of instruction and type of control	School year				
	1982–83	1987–88	1990–91 ¹	1991–92 ¹	1992–93 ¹
Current dollars:					
Expenditure per pupil in public elementary and secondary schools ²	\$3,203	\$4,654	\$5,841	\$6,100	\$6,300
Higher education expenditure per full-time equivalent student ³	9,168	13,820	15,682	16,000	16,600
Public	7,932	11,873	13,308	13,600	14,100
Private	12,948	19,579	23,033	23,800	24,700
Constant 1991–92 dollars:					
Expenditure per pupil in public elementary and secondary schools ⁴	4,511	5,553	6,028	6,100	6,100
Higher education expenditure per full-time equivalent student ⁴	12,910	16,489	16,185	16,000	16,100
Public	11,169	14,165	13,735	13,600	13,700
Private	18,233	23,359	23,771	23,800	24,000
Average salary for public school teachers:⁵					
Current dollars	20,695	28,034	32,977	34,413	35,800
Constant 1991–92 dollars ⁴	29,141	33,447	34,034	34,413	34,700

¹Estimated.

²Data represent total expenditures (excluding "other" current expenditures) per pupil in average daily attendance.

³Data represent current-fund expenditures and additions to plant value per full-time-equivalent student.

⁴Data adjusted by the Consumer Price Index, U.S. Department of Labor. The 1992–93 CPI estimate is derived from 1992 and 1993 data in *Budget of the United States Government, Fiscal Year 1993*, prepared by the Office of Management and Budget.

⁵Data for 1982–83, 1987–88, 1990–91, and 1991–92 are from the National Education Association. The 1991–92 data are preliminary.

SOURCES: U.S. Department of Education, National Center for Education Statistics, unpublished projections and estimates; and National Education Association, *Estimates of School Statistics, 1991–92* (copyrighted 1992). (This table was prepared August 1992.)

Table 6. -- Total expenditures of educational institutions, by level of instruction and by type of control: 1982-83 to 1992-93
[In billions]

Level of instruction and type of control	School year				
	1982-83	1987-88	1990-91 ¹	1991-92 ¹	1992-93 ¹
	Current dollars				
All levels	\$212.1	\$313.4	\$402.3	\$425.2	\$445.4
Public	172.8	253.2	327.4	346.6	363.1
Private	39.3	60.2	75.0	78.4	82.2
Elementary and secondary expenditures	128.7	188.0	246.8	261.1	273.8
Public	118.4	172.7	227.6	240.9	252.5
Private ¹	10.3	15.3	19.2	20.1	21.2
Higher education expenditures ²	83.4	125.4	155.6	164.0	171.6
Public	54.3	80.5	99.8	105.7	110.6
Private ¹	29.0	44.9	55.8	58.3	61.0
	Constant 1991-92 dollars ³				
All levels	\$311.3	\$373.9	\$415.2	\$425.2	\$431.9
Public	253.6	302.1	337.8	346.6	352.2
Private	57.7	71.8	77.4	78.4	79.8
Elementary and secondary expenditures	189.0	224.3	254.7	261.1	265.5
Public	173.8	206.0	234.9	240.9	244.9
Private ¹	15.1	18.3	19.8	20.1	20.6
Higher education expenditures ²	122.4	149.6	160.5	164.0	166.4
Public	79.8	96.0	103.0	105.7	107.2
Private ¹	42.6	53.5	57.6	58.3	59.2

¹Estimated.

²Includes current-fund expenditures and additions to plant value.

³Data adjusted by the Consumer Price Index, U.S. Department of Labor. The 1992-93 CPI estimate is derived from 1992 and 1993 data from *Budget of the United States Government, Fiscal Year 1993*, prepared by the Office of Management and Budget.

NOTE.-- Because of rounding, details may not add to totals.

SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming); *Projections of Education Statistics to 2002*, and unpublished projections and estimates. (This table was prepared August 1992.)

Table 7. -- Number of graduates of educational institutions, by level of education completed: 1982-83 to 1992-93
[In thousands]

Level of education completed	School year				
	1982-83	1987-88	1990-91	1991-92 ¹	1992-93 ¹
High school graduates, total ...	2,888	2,773	2,511	2,485	2,509
Public	2,598	2,500	2,263	2,251	2,273
Private ¹	290	273	247	234	236
College and university graduates:					
Associate degrees	456	435	470	480	490
Bachelor's degrees	970	995	1,084	1,105	1,131
Master's degrees	290	299	337	344	345
First-professional degrees ²	73	71	73	74	75
Doctor's degrees	33	35	40	40	41

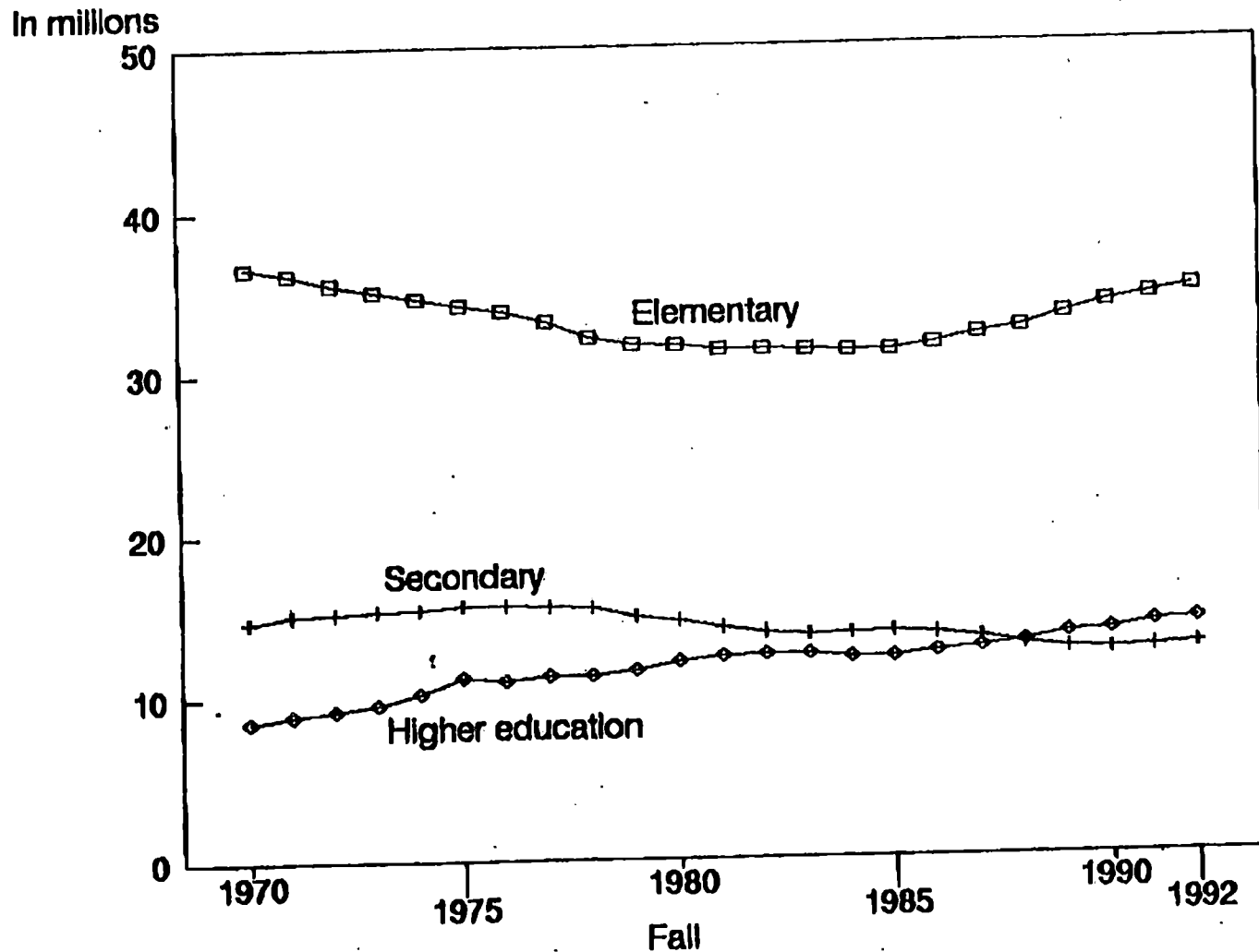
¹Estimated.

²Includes degrees in medicine, optometry, osteopathic medicine, pharmacy, podiatry, chiropractic, veterinary medicine, dentistry, law, and theological professions.

NOTE. -- Because of rounding, details may not add to totals.

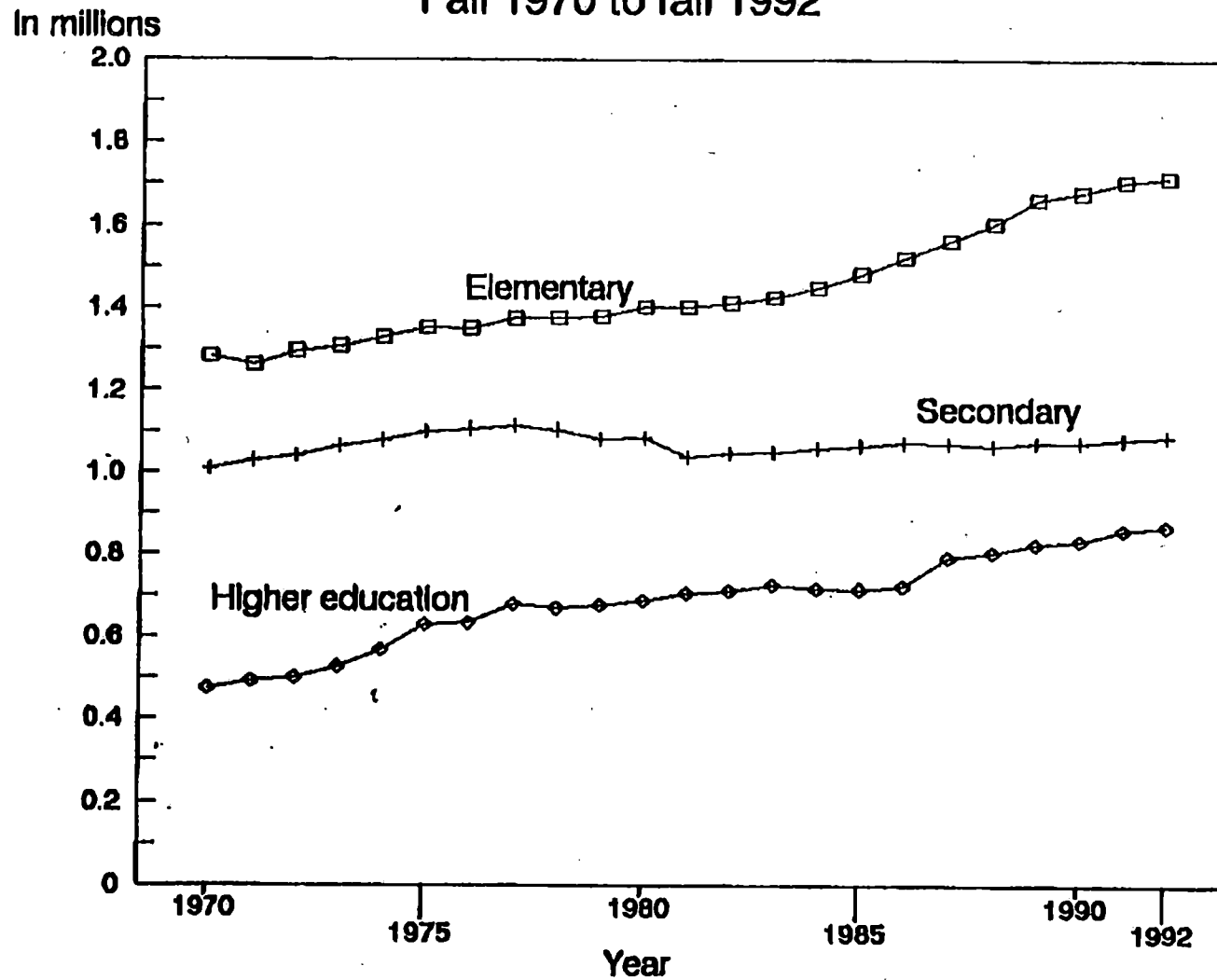
SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming); *Projections of Education Statistics to 2002*, and unpublished estimates. (This table was prepared August 1992.)

Chart 1--Enrollment in educational institutions, by level:
Fall 1970 to fall 1992



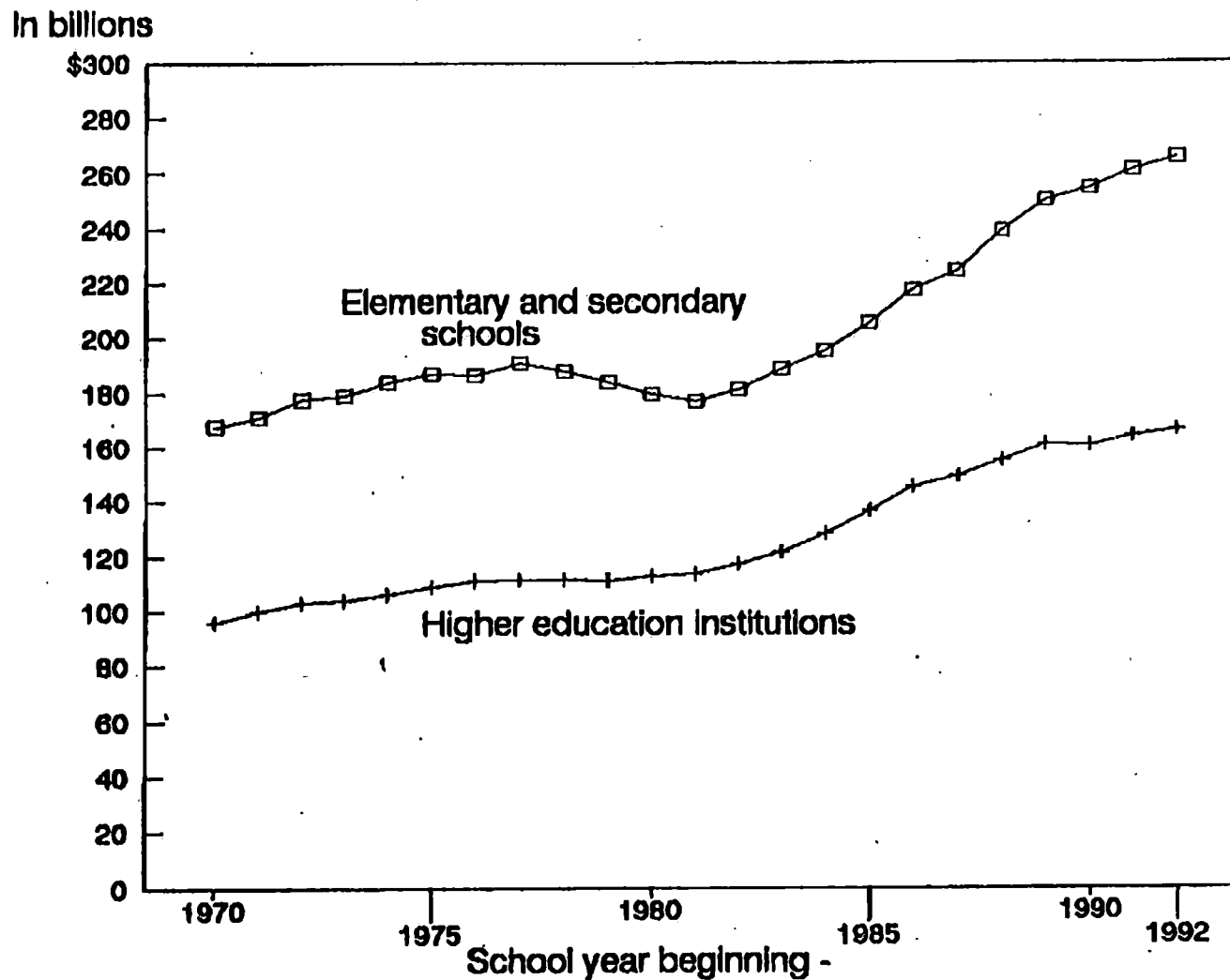
SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming).

Chart 2--Teachers in educational institutions, by level:
Fall 1970 to fall 1992



SOURCE: U.S. Department of Education, National Center for Education Statistics,
Digest of Education Statistics, 1992 (forthcoming).

Chart 3--Expenditures of educational institutions in constant 1991-92 dollars, by level: 1970-71 to 1992-93



SOURCE: U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 1992* (forthcoming).

456-7216

FAX TO: Carol Ashme
~~Ann~~
Aarhus

456-6218

Carol-

Here is further detail on the
issue we discussed yesterday --
international comparison of
education spending.

Call if you need further information.

Barbara

7702

INTERNATIONAL COMPARISON OF EDUCATION SPENDING

Compared with most of its international competitors, the United States continues to fund education generously. In 1988, the latest year for which international data are available, the United States spent \$4131 per elementary and secondary student -- more than any comparable developed country except Switzerland (see attached Table).

- o U.S. per pupil spending is well ahead of that of Canada, the United Kingdom, France, Japan, and Germany.
- o Furthermore, the 1988 figure represents a significant increase over past years. The United States spent 17.1 percent more (in current dollars) per pupil in 1988 than in 1986 -- an increase greater than those for 13 other countries in the comparison (only the increases for Denmark (20 percent) and Ireland (17.6 percent) were greater).

These figures are calculated by determining current expenditures for both public and private elementary and secondary schools, and dividing by the number of pupils enrolled at these levels. Conversion to U.S. dollars was done using the Purchasing Power Parity Index, developed by the Organisation for Economic Cooperation and Development (OECD). Data on the 1988-89 school year were obtained from the 1991 Digest of Education Statistics (for the United States) and the 1991 UNESCO Statistical Yearbook (for all other countries). The result is per pupil expenditures in comparable U.S. dollar terms.

These figures may differ from calculations published elsewhere, for the following reasons:

- o The figures in this analysis are based on both public and private schools. Some reports published over the past two years focused solely on public spending, which in a system like ours, does not give a complete picture of support for education. Some of these analyses have gone so far in their calculations as to divide public spending by public and private enrollment -- a method guaranteed to produce distorted results.
- o Data represent those portions of current expenditures and enrollments identified by countries as attributable to pre-primary, primary, and secondary schools. (U.S. pre-primary figures include spending and enrollment only for kindergartners and those younger children enrolled in preschool programs run by public elementary schools, while data for other countries tend to include a wider range of preschool programs.) Other analyses have included expenditures labeled in the UNESCO source as "other" and "not distributed," and therefore not directly attributable to the levels of education of interest here. The United States reports no expenditures in these categories.

It would be difficult still to contend that our education problems stem primarily from "underfunding" schools as compared with other nations, or that a general funding increase will solve these problems. Our analysis is the most recent to demonstrate that, in financial terms, the United States supports elementary and secondary education as well as or better than its international competitors.

Attachment

INTERNATIONAL COMPARISON OF EDUCATION EXPENDITURES

		Current Expenditures^a per pupil Pre-Primary, Primary and Secondary Levels (in US dollars)	Rank
Switzerland	1988	\$4,315	1
United States	1988	\$4,131	2
Canada	1988	\$3,791	3
Norway	1988	\$3,716	4
Denmark	1988	\$3,671	5
Sweden	1988	\$3,468	6
Austria	1988	\$2,939	7
United Kingdom	1988	\$2,768	8
Belgium	1987	\$2,282	9
Netherlands	1988	\$2,261	10
France	1988	\$2,221	11
Japan	1988	\$2,200	12
Germany (FRG)	1988	\$2,168	13
Australia	1987	\$2,065	14
New Zealand	1988	\$1,541	15
Ireland	1987	\$1,385	16

Notes:

Currency conversion: The 1988 GDP PPP index was used to convert currencies for all countries except Ireland, Australia and Belgium, for which the 1987 GDP PPP index was used. Both indexes were produced by the Organisation of Economic Cooperation and Development, 1991.

Data sources: US data were taken from the Digest of Education Statistics, 1991. All other data are from the UNESCO Statistical Yearbook, 1991. US figures are for K-12 only.

U.S. Department of Education
Office of Policy and Planning
March 1992

456-0216

FAX TO: Carol Ashure
~~Ann~~
Aarhus

456-6218

Carol-

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7702

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Attachment

TABLE 23. Postsecondary enrolment related to relevant age group, by level, age group and sex, Canada, 1985-86 to 1989-90

TABLEAU 23. Effectifs postsecondaires par rapport à la population des groupes d'âge correspondants, selon le niveau, le groupe d'âge et le sexe, Canada, 1985-86 à 1989-90

Characteristics		1985-86	1986-87	1987-88	1988-89	1989-90
Caractéristiques						
		percent - pourcentage				
FULL-TIME - À PLEIN TEMPS						
Community college - Collège communautaire:						
17-year-olds enrolled related to 17-year-old population - Effectifs scolaires des 17 ans en proportion de la population de 17 ans	M.	7.4	7.8	7.1	6.9	7.1
	F.	10.2	10.6	9.8	9.6	10.2
	T.	8.8	9.2	8.4	8.2	8.6
18-21-year-olds enrolled related to 18-21 age group - Effectifs scolaires des 18-21 ans en proportion de la population des 18-21 ans	M.	11.4	11.4	11.4	11.4	11.2
	F.	12.5	13.0	13.4	13.7	13.6
	T.	12.0	12.2	12.4	12.5	12.4
22-24-year-olds enrolled related to 22-24 age group - Effectifs scolaires des 22-24 ans en proportion de la population des 22-24 ans	M.	3.3	3.3	3.3	3.2	3.2
	F.	2.4	2.6	2.8	2.9	3.0
	T.	2.8	3.0	3.0	3.1	3.1
25-29-year-olds enrolled related to 25-29 age group - Effectifs scolaires des 25-29 ans en proportion de la population des 25-29 ans	M.	1.0	1.0	1.0	1.0	1.0
	F.	0.9	0.9	1.0	1.0	1.1
	T.	0.9	1.0	1.0	1.0	1.0
University - Université:						
Undergraduate - 1^{er} cycle:						
18-21-year-olds enrolled related to 18-21 age group - Effectifs scolaires des 18-21 ans en proportion de la population des 18-21 ans	M.	13.0	13.4	14.0	14.4	14.8
	F.	14.6	15.4	16.8	17.8	18.7
	T.	13.8	14.4	15.4	16.1	16.7
22-24-year-olds enrolled related to 22-24 age group - Effectifs scolaires des 22-24 ans en proportion de la population des 22-24 ans	M.	8.9	9.2	9.2	9.4	9.7
	F.	6.6	7.2	7.5	7.9	8.6
	T.	7.8	8.2	8.3	8.7	9.2
25-29-year-olds enrolled related to 25-29 age group - Effectifs scolaires des 25-29 ans en proportion de la population des 25-29 ans	M.	2.1	2.1	2.1	2.1	2.1
	F.	1.4	1.5	1.5	1.6	1.7
	T.	1.7	1.8	1.8	1.8	1.9
30-34-year-olds enrolled related to 30-34 age group - Effectifs scolaires des 30-34 ans en proportion de la population des 30-34 ans	M.	0.6	0.6	0.6	0.6	0.6
	F.	0.6	0.6	0.7	0.7	0.6
	T.	0.6	0.6	0.6	0.6	0.6
35-39-year-olds enrolled related to 35-39 age group - Effectifs scolaires des 35-39 ans en proportion de la population des 35-39 ans	M.	0.2	0.3	0.3	0.3	0.3
	F.	0.4	0.4	0.4	0.4	0.5
	T.	0.3	0.3	0.3	0.4	0.4
40-49-year-olds enrolled related to 40-49 age group - Effectifs scolaires des 40-49 ans en proportion de la population des 40-49 ans	M.	0.1	0.1	0.1	0.1	0.1
	F.	0.2	0.2	0.2	0.2	0.2
	T.	0.1	0.1	0.2	0.2	0.2

TABLE 23. Postsecondary enrolment related to relevant age group, by level, age group and sex, Canada, 1985-86 to 1989-90 - Continued

TABLEAU 23. Effectifs postsecondaires par rapport à la population des groupes d'âge correspondants, selon le niveau, le groupe d'âge et le sexe, Canada, 1985-86 à 1989-90 - suite

Characteristics Caractéristiques		1985-86	1986-87	1987-88	1988-89	1989-90
		percent - pourcentage				
Graduate - 2 ^e et 3 ^e cycles:						
22-24-year-olds enrolled related to 22-24 age group - Effectifs scolaires des 22-24 ans en proportion de la population des 22-24 ans	M.	1.0	1.0	1.0	0.9	0.9
	F.	0.7	0.7	0.8	0.8	0.8
	T.	0.8	0.9	0.9	0.9	0.9
25-29-year-olds enrolled related to 25-29 age group - Effectifs scolaires des 25-29 ans en proportion de la population des 25-29 ans	M.	1.2	1.2	1.2	1.3	1.3
	F.	0.7	0.7	0.7	0.7	0.8
	T.	1.0	1.0	1.0	1.0	1.0
30-34-year-olds enrolled related to 30-34 age group - Effectifs scolaires des 30-34 ans en proportion de la population des 30-34 ans	M.	0.7	0.7	0.7	0.7	0.7
	F.	0.4	0.4	0.4	0.4	0.4
	T.	0.5	0.6	0.6	0.6	0.6
35-39-year-olds enrolled related to 35-39 age group - Effectifs scolaires des 35-39 ans en proportion de la population des 35-39 ans	M.	0.3	0.3	0.3	0.3	0.4
	F.	0.2	0.2	0.2	0.3	0.3
	T.	0.3	0.3	0.3	0.3	0.3
40-49-year-olds enrolled related to 40-49 age group - Effectifs scolaires des 40-49 ans en proportion de la population des 40-49 ans	M.	0.1	0.1	0.1	0.1	0.1
	F.	0.1	0.1	0.1	0.2	0.2
	T.	0.1	0.1	0.1	0.1	0.1
PART-TIME - À TEMPS PARTIEL						
University - Université:						
Undergraduate - 1 ^{er} cycle:						
18-21-year-olds enrolled related to 18-21 age group - Effectifs scolaires des 18-21 ans en proportion de la population des 18-21 ans	M.	1.0	1.0	1.1	1.1	1.2
	F.	1.4	1.4	1.5	1.6	1.8
	T.	1.2	1.2	1.3	1.4	1.5
22-24-year-olds enrolled related to 22-24 age group - Effectifs scolaires des 22-24 ans en proportion de la population des 22-24 ans	M.	2.6	2.6	2.6	2.8	2.8
	F.	3.2	3.3	3.5	3.7	3.8
	T.	2.9	3.0	3.1	3.2	3.3
25-29-year-olds enrolled related to 25-29 age group - Effectifs scolaires des 25-29 ans en proportion de la population des 25-29 ans	M.	2.1	2.0	1.9	2.0	1.9
	F.	2.7	2.7	2.8	2.9	2.8
	T.	2.4	2.4	2.4	2.4	2.4

TABLE 23. Postsecondary enrolment related to relevant age group, by level, age group and sex, Canada, 1985-86 to 1989-90 - Concluded

TABLEAU 23. Effectifs postsecondaires par rapport à la population des groupes d'âge correspondants, selon le niveau, le groupe d'âge et le sexe, Canada, 1985-86 à 1989-90 - fin

Characteristics		1985-86	1986-87	1987-88	1988-89	1989-90
Caractéristiques						
		percent - pourcentage				
Undergraduate - 1 ^{er} cycle - Concluded - fin:						
30-34-year-olds enrolled related to 30-34 age group - Effectifs scolaires des 30-34 ans en proportion de la population des 30-34 ans	M.	1.7	1.6	1.5	1.5	1.4
	F.	2.4	2.4	2.4	2.5	2.3
	T.	2.0	2.0	2.0	2.0	1.9
35-39-year-olds enrolled related to 35-39 age group - Effectifs scolaires des 35-39 ans en proportion de la population des 35-39 ans	M.	1.4	1.3	1.2	1.2	1.2
	F.	2.6	2.5	2.5	2.6	2.5
	T.	2.0	1.9	1.9	1.9	1.8
40-49-year-olds enrolled related to 40-49 age group - Effectifs scolaires des 40-49 ans en proportion de la population des 40-49 ans	M.	0.7	0.7	0.8	0.8	0.7
	F.	1.8	1.9	2.0	2.1	2.1
	T.	1.3	1.3	1.4	1.4	1.4
Graduate - 2 ^e et 3 ^e cycles:						
22-24-year-olds enrolled related to 22-24 age group - Effectifs scolaires des 22-24 ans en proportion de la population des 22-24 ans	M.	0.2	0.2	0.2	0.2	0.2
	F.	0.1	0.1	0.2	0.2	0.2
	T.	0.2	0.2	0.2	0.2	0.2
25-29-year-olds enrolled related to 25-29 age group - Effectifs scolaires des 25-29 ans en proportion de la population des 25-29 ans	M.	0.5	0.5	0.4	0.4	0.5
	F.	0.4	0.4	0.4	0.4	0.4
	T.	0.4	0.4	0.4	0.4	0.4
30-34-year-olds enrolled related to 30-34 age group - Effectifs scolaires des 30-34 ans en proportion de la population des 30-34 ans	M.	0.5	0.5	0.4	0.4	0.4
	F.	0.3	0.4	0.4	0.4	0.4
	T.	0.4	0.4	0.4	0.4	0.4
35-39-year-olds enrolled related to 35-39 age group - Effectifs scolaires des 35-39 ans en proportion de la population des 35-39 ans	M.	0.4	0.4	0.4	0.4	0.4
	F.	0.3	0.3	0.4	0.4	0.4
	T.	0.4	0.4	0.4	0.4	0.4
40-49-year-olds enrolled related to 40-49 age group - Effectifs scolaires des 40-49 ans en proportion de la population des 40-49 ans	M.	0.2	0.2	0.2	0.2	0.2
	F.	0.2	0.2	0.3	0.3	0.3
	T.	0.2	0.2	0.2	0.2	0.3

TABLE 24. Percentage distribution¹ of part-time undergraduate and graduate enrolment, by age, Canada and provinces, 1979-80 and 1989-90

TABLEAU 24. Répartition en pourcentage¹ des effectifs universitaires des 1^{er}, 2^e et 3^e cycles à temps partiel, selon l'âge, Canada et provinces, 1979-80 et 1989-90

Province and age Province et âge	Undergraduate		Graduate		
	1 ^{er} cycle		2 ^e et 3 ^e cycles		
	1979-80	1989-90	1979-80	1989-90	
percent - pourcentage					
Canada:					
19 years and less - ans et moins	2	3	--	-	
20-24 years - ans	23	22	8	5	
25-29 " - "	24	21	33	26	
30-39 " - "	34	31	43	42	
40-49 " - "	12	18	11	22	
50 years and over - ans et plus	5	6	4	4	
Total	No. - nbre	199,264	265,589	30,572	39,033
Newfoundland - Terre-Neuve:					
19 years and less - ans et moins	4	8	-	-	
20-24 years - ans	24	31	5	2	
25-29 " - "	26	21	36	26	
30-39 " - "	34	27	44	48	
40-49 " - "	10	11	11	22	
50 years and over - ans et plus	3	2	4	2	
Total	No. - nbre	3,213	3,784	304	564
Prince Edward Island - Île-du-Prince-Édouard:					
19 years and less - ans et moins	4	5	-	...	
20-24 years - ans	20	15	-	...	
25-29 " - "	20	17	-	...	
30-39 " - "	33	30	-	...	
40-49 " - "	13	23	-	...	
50 years and over - ans et plus	9	10	-	...	
Total	No. - nbre	724	842	8	

See footnote(s) at end of table.
Voir note(s) à la fin du tableau.

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#a result as a 5% census sample
from a professor of sociology at NW Univ.

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→ WST editorial → 6/26/92
lead editorial in Parents & Outlook

p-A16

Title: "The Education Revolution"
of editorial

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THE WALL STREET JOURNAL. DOW JONES & COMPANY, INC.

Publishers

6500 WILSHIRE BLVD., SUITE 1500, LOS ANGELES, CA 90048

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FACSIMILE (213) 658-3828

FACSIMILE COVER SHEET

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Thursday, June 25, 1992

THE WALL STREET JOURNAL THURSDAY

A14

REVIEW & OUTLOOK

The Education Revolution

"What this country needs is a G.I. Bill for Kids," says Education Secretary Lamar Alexander. The educational choice proposal he announces today would provide \$1,000 scholarships so that one million low- and moderate-income parents could send their kids to the school of their choice, public or private.

Some 47 years after the original G.I. Bill opened up both public and private educational opportunities for millions of war veterans, Secretary Alexander wants to do the same for low-income children. His initiative is a radical step from an administration often criticized as having no domestic agenda.

The administration program is further evidence that empowering parents with choice is an idea whose time has come. Support for choice cuts across income, political and racial lines. Its major opponent is the entrenched educational bureaucracy that benefits from the status quo.

In California, where a choice initiative will probably be on this November's ballot, teachers unions vow to spend \$14 million to defeat it. The measure would grant students who wanted to attend a private school a \$2,600 annual state scholarship. Overall, it would save big bucks since the scholarship would represent less than half the average cost of a public-school education.

Educators did everything they could to block the initiative, from trying to intimidate potential petition signers to using a Los Angeles cable-TV channel to propagandize. Julie Korenstein, an L.A. school board member, said that under choice "you end up with bigotry and ultimately with a fascist type of society." Helen Bernstein, head of the United Teachers of Los Angeles, suggests choice will result in more Los Angeles riots. She told CBN News: "If this initiative passes, I will be more than happy to go on record to predict the kinds of uprisings that we saw will be nothing compared to what will happen a few years down the line."

Starr Parker, a small-business owner active in promoting choice in the black community, calls such statements "absurd demagoguery." "Polls show over 70% of minorities support school choice," she told us. "The rich

of educational malpractice. Out of 66 public high schools, only 19 graduate more than half their students, and many of those are nearly illiterate. Chicago's public school teachers recoil in horror from sending their children to the very system they teach in; 46% send their kids to private schools. Chicago's Catholic schools, which have a racial mix similar to the city's population, graduate more than 99% of their high school students. More than three-quarters go on to college.

Recent lawsuits filed by the Institute for Justice on behalf of parents in both Los Angeles and Chicago ask that control of the children's share of state school aid be transferred to their parents so they can enroll them in other public or private schools. They argue that the abysmal quality of their public schools violates their children's right to equal educational opportunities. John Jenkins, one of the parents bringing suit, says he tried to improve Chicago's schools but ran into a brick wall, and that choice is the only recourse for the schools and more broadly for the hope-starved inner city; "Quality education could change conditions overnight."

The Bush administration believes its new G.I. Bill is the fastest way to bring good schools back into the inner cities. Far from destroying public education, choice would in fact strengthen public schools as they learn to improve and compete for students. Mr. Alexander expects many parents will use the \$1,000 scholarships to send their children to public magnet or special-education schools. Others would find good private schools finally within their means. A surprising 37% of private schools charge less than \$1,000 in annual tuition, and the average charge is only \$1,915 a year.

The fate of the proposal is now up to Congress. Senator Ted Kennedy, whose own children attended private schools, has been a fierce opponent of educational choice. So have most other Democrats, but their opposition may be weakening as the overwhelming support for choice among the poor and minorities becomes more clear.

Recently, Democratic Senator Bill Bradley voted for a pilot program that would allow students to use federal money to attend private schools. "I'm

By MARTHA C. BROWN

The educational choice movement is gaining ground. Today, Education Secretary Lamar Alexander is expected to propose providing \$1,000 vouchers to one million low- and moderate-income parents. The administration's move comes in the wake of state efforts.

California's Choice in Education League has announced that it has enough signatures to put a state school voucher referendum on the ballot. In March, the Wisconsin Supreme Court upheld the right of poor Milwaukee parents to choose private schools paid for with tax dollars. A campaign for school choice legislation in Pennsylvania is temporarily stalled after a preliminary victory last year. Four Ohio legislators recently introduced a bipartisan proposal for school vouchers. Illinois's house minority leader, Republican Lee Daniels, a former opponent of school choice, now favors it.

Uncertified Teachers

As proponents of school choice hail these breakthroughs, public school partisans quake—and their arguments for shoring up the public school wall grow more illogical and self-serving.

Days before the Wisconsin decision, Chicago's Board of Education president said vouchers would encourage "providers [of education] . . . that are out just to make a buck. They'll have uncertified teachers, uncertified facilities." How much does his board pay for certified teachers? Does he read the test scores? The reports of rapes and shootings in certified city schools?

Harry Weinberg, superintendent of the San Diego County public schools, also worries that parents will fall prey to no-account private education purveyors. He asks in Education Week, "If a private school spends public money foolishly, to whom can taxpayers complain?" He forgets parents can withdraw children if the school doesn't shape up.

Another of his concerns: "Unregulated private schools would be free to promote their particular religious, social, or ethnic agendas at the expense of our democratic traditions." At the core of these traditions

is freedom. Choice all reject the taxpayer-seling for many bel family, m Like r wants pri public sel playing fl

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By DAVID M. JONES

George Bush leaned on Alan Greenspan about as hard as he could this week. Mr. Bush's call to action may indeed succeed in provoking the Fed chairman to lower interest rates. But the president's public plea also represents a new turn in an interesting story. It is a story that reflects the limits of central bank chairmen and central banks. It is also the story of Alan Greenspan.

recession inflation sought to ward glid below the potential At the sai encourage previous asset pric The "

school choice," she told us. "The rich have choice now. When I was on welfare, there was no way I could put my child in a good school. It's time we stop condemning the poor to a monopoly education system."

The same activism is apparent in Chicago, where 410,000 public school students are subjected daily to a form

money to attend private schools. "I'm not saying choice is the answer, but many of our schools are so bad we have to try something dramatic," he told us. "Assumptions about how government provides services are changing all over the world, and maybe it's time Americans challenge our own ways of thinking on that."

Trying a New Yitzhak

In an election variously described as a referendum on the settlements, the economy and the Middle East peace process, Israeli voters have put Yitzhak Rabin's Labor Party back into power after 15 years of Likud rule. Clearly, the vote was a call for change. Whether Labor can supply it is an-

Labor will push for extensive autonomy for Palestinians in the occupied territories, but only slight border changes. Any major concessions, like those negotiated in the Camp David accords, would have to be approved by two-thirds of the Knesset and are unlikely. Mr. Rabin has also said he

Aian Greenspan.

Extended Page

All Fed chairmen, including Mr. Greenspan's predecessors, have one main economic lever at their disposal: short-term interest rates. In his first term as Fed Chairman, Mr. Greenspan used this lever to nearly its maximum potential. As his second term begins, Mr. Greenspan may be finding that his policy lever has reached its limit. This is not Mr. Greenspan's "fault." It is the fault of a Congress that failed to allow changes on the fiscal side that would help the nation move faster into economic recovery. It is to some degree too the "fault" of Mr. Bush, who could have tried harder than he did to prevent the tax hike that resulted from the 1990 budget agreement.

Let's look, though, at Mr. Greenspan's odyssey. He first used his lever to deal successfully with the 1987 stock market crash. Then he and his colleagues supplied sufficient liquidity to cushion the

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LEVEL 1 - 2 OF 27 STORIES

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September, 1992

SECTION: NEW AMERICAN AGENDA; Pg. 15

LENGTH: 1011 words

HEADLINE: Society's dumping ground

BYLINE: BY TIMOTHY LIGHT IN KALAMAZOO, USA; Timothy Light, a former college president and provost, is on the faculty of Western Michigan University.

... public schools in Chicago, only 19 graduate more than half of their students. It is no wonder, then, that 46 percent of Chicago public school teachers send their own children to private schools, 99 percent of which graduate and 75 percent go on to college.

Educators claim that schools have become the dumping ground for many of the problems that society finds insoluble. As one prominent private school head said in frustration: "We are rapidly destroying our cities, and that is why

LEVEL 1 - 5 OF 27 STORIES

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April 28, 1990

SECTION: THE HERITAGE LECTURES; No. 257

LENGTH: 3903 words

HEADLINE: Business Leadership and Education Reform: The Next Frontier

... Switzerland among the world's industrialized nations.

In contrast to our \$4,806 per student spent in the public schools, American private schools spend a median amount of \$900 per student at the elementary level, and \$1,500 at the secondary level, a ...

... Policy and Finance told us that 69 percent of parents with children attending the city's public schools would enroll their children in private schools, if they could afford it. We know from recent newspaper reports that numerous Chicago political, civic, and educational leaders -- minority and majority leaders alike -- send their children to private schools of choice.

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A 1985 study by the Chicago Panel on Public School Policy and Finance told us that 69 percent of parents with children attending the city's public schools would enroll their children in private schools, if they could afford it. We know from recent newspaper reports that numerous Chicago political, civic, and educational leaders -- minority and majority leaders alike -- send their children to private schools of choice. And, what is perhaps the best-informed of all endorsements, 46 percent of the children of Chicago public school teachers who live in the city attend private schools, as compared with only 22 percent of all school-age children in Chicago.

Double Standard. Obviously, many of those with the purchasing power, those with the ability to pay both taxes and private school tuition, exercise their choice option with no residual guilt about having abandoned the public school system, though some of them will not hesitate to use this self-serving "abandonment" argument to deny the same choice option to the 70 percent of poverty-level parents whose children constitute a \$2.3 billion captive market for Chicago public education.

Many of those who would deny choice to the poor are the most vocal proponents of "parental empowerment" and "equity." Excuse me for thinking that this whole situation, this double standard, just reeks with inconsistency, with cynicism, with contemptuous condescension, and with an insulting and ultimately disabling

5TH STORY of Level 1 printed in FULL format.

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April 28, 1990

SECTION: THE HERITAGE LECTURES; No. 257

LENGTH: 3903 words

HEADLINE: Business Leadership and Education Reform: The Next Frontier

BYLINE: By Patrick J. Keleher, Jr.; Patrick J. Keleher, Jr. is President of TEACH America in Chicago, Illinois, and Vice President of The City Club of Chicago

BODY:

In November of 1987, Dr. William J. Bennett fired a shot heard 'round the world of education. It was not a warning shot across the bow. No, it was a full Bennett broadside at the Chicago public school system, which the then-U.S. Secretary of Education branded the "worst in America."

I was about ten feet away from Secretary Bennett when he made that since much-quoted remark, later to become the title for the Chicago Tribune's stunning investigative report on Chicago public education. The Education Secretary released his broadside at a press conference after a visit I had helped arrange with the executives of Chicago United, a business-civic organization for which I was public policy director. Chicago United was to become the spearhead of our business community's deep and abiding involvement in the most radical school reform experiment in United States history.

Some things just cannot be sugarcoated, or should not be even if they can, and the public education disaster in this city was one of those things. Anyhow, Dr. Bennett's many talents do not extend, thank heavens, to sugarcoating.

From results that had just been released, he knew that 35 of the 54 high schools scoring in the bottom percentile nationwide on the ACT exam were Chicago schools. Over half of our 64 high schools were in the lowest percentile on a national test taken by our "best and brightest," our college-bound youngsters. He knew that between 43 and 53 percent of our entering freshmen drop out of high school, and that dropout rates reach 67 percent in the inner city. He knew that only one out of three of those who do graduate can read at the twelfth-grade level. One out of three.

Illiterate Graduates. Perhaps Secretary Bennett knew that one of our large employers, Citicorp Savings of Illinois, each week rejects 840 out of every 1,000 applicants for its entry-level teller and clerical positions, because the job seekers cannot complete the forms. And perhaps he knew that almost half of the students in one of our neighborhood adult literacy programs are Chicago public high school graduates -- graduates, not dropouts. They are considered "functionally illiterate," that is, they cannot read above the sixth grade level. Yet they have been awarded high school diplomas.

Doesn't this make you wonder about truth in labeling, about material misrepresentation, about false certification, and about "product" liability? Less cynically, what does this say about the institutional ethics, about the

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integrity, about the fundamental honesty of an urban educational system that would so misrepresent to its students their readiness for participation as self-sustaining members of our democracy?

Last year, at The Heritage Foundation's excellent conference, "Can Business Save Education?" I talked about how the Chicago business community teamed up with parent and community leaders to form a new political force to counter that of the education establishment.

Coalition Building. My position was that, by itself alone, business could not "save" education, but that by closing ranks in coalition with parent and community leaders, which is precisely what we did, business could help bring about meaningful school reform. We formed a new political counterweight that the legislators in Springfield simply had to deal with. We worked at the grassroots level, we bypassed the establishment, we stuck together, we worked the media, and we came up with the most sweeping reform legislation in the land.

As its most revolutionary feature, the Chicago Public School Reform Act establishes a local school council at each of our 540 elementary and secondary schools. Each eleven-member council is composed of six parents, two community representatives, two teachers and the principal. The council has three major responsibilities: to adopt a School Improvement Plan, to adopt a budget to implement that plan based upon a lump sum allocation, and to decide whether to terminate the incumbent principal and select a new one or to retain the incumbent -- in either case to sign the selected principal to a four-year performance contract.

We were called "romantics" for our belief that indigenous leaders would emerge in each community to fill the 5,400 slots for parent, community and teacher representatives. Our harshest critics very often were some middle-class minority leaders, who confidently predicted that parents and community members in our poorest neighborhoods were too apathetic and uninformed to get involved with governing their local schools.

"Romantics" Vindicated. How wrong they were. Last October we held our first local school council elections. Some 313,000 persons turned out to chose from more than 17,000 candidates for the 5,400 council seats. Our turnout rate was three times the average rate for suburban school board elections. How romantic, indeed.

Another sign that reform has arrived was the Interim Board of Education's elimination of 544 jobs from the central administration and its reallocation of the resulting resources -- \$40 million -- as discretionary funds for the new councils. Also, almost one-third of all principals have already left the system, either because of voluntary early retirements or due to terminations by the local school councils. I believe that the Chicago "meltdown" has been arrested. Whether it has been reversed -- whether it can be reversed -- is yet another question.

Last December, when the City Club of Chicago held its annual forum on critical municipal issues, I voiced some early worries about the direction school reform seems to be taking, worries about a new and limiting orthodoxy that seems to be settling in on yesterday's reformers, many of whom are today's education bureaucrats. Some have, in the very first year of the reform, developed striking family resemblances to the bureaucrats they replaced.

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The most telling resemblance, a veritable *deja vu*, is their reductionist approach to improving public education. Yes, we're back to money, back to more and more tax dollars, as the cure-all for the system's many ailments. When you blow the leaves away from the new bureaucrats' bear trap, everything reduces to a single concept: money.

Besides my worry about the reformers' money fixation, I have another worry: business executives' strangely aberrant behavior in the presence of leaders of the education establishment. Chester Finn has described this phenomenon in his *National Review* article (February 24, 1989) titled with the double entendre "Education as Funny Business."

Soft Standards. For some reason, business people seem to abandon their critical instincts when dealing with educators. For some strange reason, business leaders seem to be mesmerized by the titles, by the jargon, and perhaps by the flag-waving that comes out of the incredibly powerful education establishment. For whatever reason, business tends not to evaluate the establishment by the tough bottom-line standards of performance and accountability with which it evaluates all other goal-oriented operations. In its strange metamorphosis, business appears almost schizophrenic as it exempts the education establishment from the values, from the principles and from the disciplines by which business relentlessly judges itself.

By not being as critical as it should be, by not applying its skills, performance expectations and standards where appropriate to education, by permitting education to operate as an artificial social construct without genuine market or market-like constraints (that is, as a monopoly), by not insisting on a return on its massive education investment with payback in the form of increased academic achievement, by waiving cost/benefit justifications where education is concerned, by relying too often on education advisors hand-picked by the establishment, then accepting without challenge their carefully selected and strained statistics, by all these practices business is failing to provide the economic reality-check that education in this country so desperately needs. This reality-check is something the business community, as a deeply invested education stakeholder, is uniquely qualified to provide -- and something that no other powerful institutional player, most certainly not government, will provide if business fails to do so.

When I was an operations reviewer in the Bell System, we had a maxim "Don't expect what you don't inspect." Time after time I wonder whether business, particularly big business, is really inspecting the education financials and raising the questions that would be raised internally were so many bucks yielding such a little bang.

Economic Reality-Check. Education in this country -- public and private, elementary, secondary, and postsecondary -- is a mammoth \$331 billion per year enterprise employing 7 million persons, of whom 3.4 million are teachers. \$269 billion is spent each year on public education. Public elementary and secondary education costs the taxpayers \$183 billion, or more than a billion dollars each day of the average 180-day school year. Perhaps, like some of our dismal education results, these numbers are of a magnitude too difficult to grasp readily. But business must make the effort, and make it independently, with its own experts, if it is to provide the economic reality-check.

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The current public K-12 per-pupil expenditure is estimated to be \$4,806, an amount that has increased 31 percent in the past decade after adjustment for inflation. Our per capita expense for precollegiate public education is second only to Switzerland among the world's industrialized nations.

In contrast to our \$4,806 per student spent in the public schools, American private schools spend a median amount of \$900 per student at the elementary level, and \$1,500 at the secondary level, a most important point to which I shall be returning, and one that must certainly pique the curiosity of any business person with the slightest interest in benchmarking for quality and cost-effectiveness.

Competition Absent. I think you would agree that the business value most conspicuous by its absence in business dealings with the education establishment is the value of free market competition, to my thinking the most "American" of all business values. Why is this? Why this abandonment of principle? -- especially when we know the dangers of monopoly arrangements, such as the artificial (and limitless) pricing levels that result when you have, as we do in public education, a captive demand side (glaringly so in an urban center like Chicago, with 70 percent of its public schoolers coming from poverty-level households), a captive demand side coupled with a supply side artificially restricted by labor contracts and state teacher credential requirements.

Under these conditions the sky is the limit for spending or, judging from the spending plans now on the establishment's drawing board, perhaps the limit is outer space, which is another way of saying monopolies know no limits.

Why isn't business out in front, insisting that market and market-like constraints be built into public education as a condition for fiscal support? Why isn't business out on the point in every state capital, leading the advocacy effort for alternative teacher certification, for privatization, for deregulation, for genuine accountability legislation, and for the ultimate form of accountability -- parental choice of public or private education underwritten by vouchers, tuition tax credits or tax rebates?

That is the kind of public policy leadership, of systemic intervention, where business should be taking the lead as the one and only institutional player with the clout and the self-interest to provide the economic reality-check I've been talking about, without which we may as well resign ourselves to an economic hemophilia that's only just begun.

Is American business, big business especially, on the verge of succumbing to what Milton Friedman and others have been warning us about for some time now, that is, the acceptance of the socialist view that political mechanisms, not market mechanisms, are the appropriate way to determine the allocation of scarce resources to alternative uses? It seems to me that is where business, wittingly or not, is heading, and not just on the education issue -- ironically, at a time when the socialist non-solution is being rejected en masse around the globe.

Gray World. If any public policy area demonstrates the bankruptcy of an unprincipled "pragmatism" as a guiding philosophy, that area is education. I have heard top business lobbyists explain away their capitulation to education-establishment lobbyists as "what happens when you live in a world of gray." Those business lobbyists are dead wrong. Their world may seem gray to them, but it is very much a black-and-white (or perhaps, green) world to their

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counterparts in the establishment. If I've learned anything working with the Illinois General Assembly and studying what passes for school reform in this country, it is that the establishment, especially the unions, never lose. They never lose, certainly not here in Illinois where -- our landmark school-reform act notwithstanding -- after receiving \$480 million new tax dollars statewide for public elementary and secondary education in the current 1990 fiscal year, a 15 percent increase over last year, the establishment is back, targeting our wallets for new tax revenues of anywhere from \$500 million to \$2 billion.

In the face of these escalating demands, the business community -- in Illinois as elsewhere -- doesn't say a word. It just keeps signing up its chief executives for one blue ribbon committee after another, where all too often their cooperation shades imperceptibly but predictably into co-option.

Why doesn't business confront the establishment with the research findings of Walberg, Hanushek, Hood, Coleman and others who tell us, for example, that "the available evidence suggests that there is no relationship between expenditures and achievement of students, and that such traditional remedies as reducing class size or hiring better trained teachers are unlikely to improve matters"?

Dangerous Metaphor. As someone who has been developing business-education partnerships since before they became fashionable in the early eighties (I ran the college relations operation at Illinois Bell), I have reluctantly -- very reluctantly -- concluded that the once useful "partnership" metaphor has seen its day and may in fact be dangerous if taken literally, especially when applied to public education. The partnership metaphor, with its implied equality, pretentiously blurs an important distinction in the relationship between educators and the public that employs them, namely, that public education is an agent of the general public. Its leaders are answerable to the taxpayers for the human and financial resources entrusted to them.

Our democracy gets into trouble when this role relationship is muddled or reversed. When educational leadership becomes a closed society -- as education seems to have become, at least in some quarters -- when educational leadership becomes an exclusive, politicized society whose dominant values too often appear to be power, position, and perks, it is time for glasnost, time for openness, time for inclusion, time -- to the extent that this is necessary -- to reclaim and reconceptualize the largely failed monopoly that is American public education. As a business person and as a teacher of teachers, I have no doubt whatsoever that this realignment of the terms of the relationship between education and the general taxpaying public can be accomplished amicably, without sacrificing either collegiality or cooperation.

Earlier I mentioned alternative teacher certification, accountability, privatization, and other market-related education policy areas where, in my considered judgment, American business leadership can and must provide an economic reality-check. But the most important area, one where we have an exciting confluence of the values of equity and sound economics, an area where we are seeing a sea change in public attitudes, is choice -- parental choice in education. What business does with the choice issue will be the litmus test of its commitment to the market principles it professes.

We know from the August 1989 Gallup poll that, nationally, 60 percent of all respondents and 67 percent of nonwhite respondents favor allowing students and their parents to choose which public schools the students attend, regardless

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of where they live. Similar results are reported in recent surveys by the Minnesota Education Association and by the Minnesota Business Partnership.

A 1985 study by the Chicago Panel on Public School Policy and Finance told us that 69 percent of parents with children attending the city's public schools would enroll their children in private schools, if they could afford it. We know from recent newspaper reports that numerous Chicago political, civic, and educational leaders -- minority and majority leaders alike -- send their children to private schools of choice. And, what is perhaps the best-informed of all endorsements, 46 percent of the children of Chicago public school teachers who live in the city attend private schools, as compared with only 22 percent of all school-age children in Chicago.

Double Standard. Obviously, many of those with the purchasing power, those with the ability to pay both taxes and private school tuition, exercise their choice option with no residual guilt about having abandoned the public school system, though some of them will not hesitate to use this self-serving "abandonment" argument to deny the same choice option to the 70 percent of poverty-level parents whose children constitute a \$2.3 billion captive market for Chicago public education.

Many of those who would deny choice to the poor are the most vocal proponents of "parental empowerment" and "equity." Excuse me for thinking that this whole situation, this double standard, just reeks with inconsistency, with cynicism, with contemptuous condescension, and with an insulting and ultimately disabling paternalism.

Some business leaders, particularly those affiliated with the City Club of Chicago, understand the dimensions of equity and economics surrounding the parental choice issue. They have taken note of the fact that we have been overlooking a success story right under our noses: the 448 private elementary and secondary schools (religious, independent, and proprietary) serving 125,237 youngsters, nearly one out of four students in Chicago. In our inner city areas meeting federal poverty guidelines, for example, 135 Catholic schools serve -- quietly and effectively, year in and year out -- more than 42,000 students, of whom 80 percent are minorities and 40 percent are non-Catholics. Their modest tuition costs average \$700 per elementary and \$1,700 per high school student, compared with \$4,800 per student (K-12 combined) in the public schools.

For business leaders concerned with "what works," with benchmarks for quality and cost-effectiveness, the models are right here under our noses.

Studying Success. Equity and economic responsibility demand that we no longer pretend these exemplary, cost-effective schools do not exist. It is time for business leadership to start studying the inner city success models, the benchmarks right in their own backyards, rather than the deficit models to which they have been misdirecting way too much of their attention.

Not long ago even William Bennett referred sotto voce to vouchers, preferring not to use the sometimes inflammatory "v word," as he termed it. Without pausing to consider why voucher talk has suddenly become respectable, why there is an unprecedented openness on the part of former voucher opponents to at least consider the merits of vouchers, tuition tax credits, and tax rebate proposals, let me talk about how business can capitalize on the present opportunity for discussing these alternatives publicly, at room temperature.

1990 The Heritage Foundation, April 28, 1990

When we started the school reform movement, we opened a Pandora's Box. Some of yesterday's reformers, now into a new orthodoxy, seem closed to those of us who would keep extending the frontiers, especially by pursuing the implications of contextual reform, that is, reform of the fiscal environment in which education functions.

We want to challenge some bedrock ideological assumptions, such as the conventional wisdom that "public education" forever means subsidizing the producers of education, and that it could never mean empowering (with vouchers or their equivalents) the consumers of education, thus enabling them to choose whatever education -- public or private -- they, the consumers, want.

Empowering Families. Starting with poverty-level families in urban school districts, we would redistribute the redistribution, bypassing the education producers altogether, and empowering families directly. We would expand upon the new and unprecedented Milwaukee voucher plan of our respected colleague, State Representative Annette "Polly" Williams.

Where approaches such as tax credits or rebates are more appropriate, we would champion such approaches. All this would be done primarily in the name of equity, parental empowerment, and economic cost-effectiveness, not in the name of public school improvement, though that is a likely secondary consequence, given the competitive energies that would be released.

Can the public schools be reformed? Our answer is an extremely cautious "yes," provided we continue the reforms already under way, and -- most important -- provided we bring about a "paradigm shift" in how we conceptualize "public education," a shift from subsidizing education producers to empowering education consumers, in open and competitive markets. It is absolutely incomprehensible that this essential reform ingredient -- parental choice in competitive markets -- was omitted as a national goal coming out of the President's and Governors' Education Summit.

To remedy this omission, the City Club of Chicago, one of Chicago's oldest business-civic organizations, has formed a new stand-alone division to focus on the equity and economic issues I have been discussing, a division that will help to ensure that business disciplines and values are factored into education policy decisions.

The new City Club division is called TEACH America, the "TEACH" being an acronym for Taxpayers for Educational Accountability and Choice. TEACH America will be a coalition, a broad-based, nationally-networked, action-oriented, bipartisan, multi-ethnic, grassroots coalition of business, parent, community, taxpayer, private education, and other groups and individuals committed to bringing about, among other important reform measures, the paradigm shift toward direct subsidy of education consumers that I've been describing.

As president of TEACH America, I hope that you will get behind TEACH America as we translate principle into public policy in the name of liberty and justice. For all.

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

THE BUSH ADMINISTRATION RECORD ON STUDENT AID

- o **During the Bush Administration:**
 - **The number of students receiving aid through the Education Department's major programs has not decreased. Over 6.1 million individuals are receiving aid in 1992;**
 - **The amount of aid made available through Federal funds increased from \$18.1 billion in 1989 to \$22.1 billion currently estimated for 1992, an increase of 22 percent.**
 - **Federal spending increased from \$10.1 billion in 1989, to \$11.8 billion for 1992, an increase of 16 percent.**
- o **For Pell grants, the largest discretionary spending program, the Administration requested \$6.6 billion for 1993, the largest amount ever requested or appropriated in any year.**
- o **One priority of the Bush Administration's proposals for student aid programs this year was restoring the integrity of the programs and reducing defaults, in part by eliminating hundreds of schools that entice students into shoddy programs, just to get their Federal funds.**
 - **Eliminating these schools -- primarily abusive proprietary schools which have a 45 percent default rate -- means that some thousands of students would not be enrolled in shoddy programs; instead, they would be protected from borrowing money they cannot repay, defaulting and ruining their credit ratings and career opportunities.**
- o **In the recently enacted Higher Education Act, the Democrat controlled Congress agreed with the Administration on this priority, passing many of its recommendations to reduce abuse and defaults.**
- o **The record is clear. The Bush Administration has**
 - **improved the quality and integrity of student aid programs,**
 - **increased spending more than ever before,**
 - **provided more aid than ever before.**

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 - provided more aid than ever before.

And tonight, I'm told that right here at Lewiston High, a new school year begins for adults learning how to read, studying for their GED, living proof that it is never too late to learn.

So far, I've spoken about our schools, about the revolution in American education that must take place within these walls. But the revolution can neither begin nor end here. Let me use a "word problem" to show you why. Assume that a child goes to school from kindergarten to 12th grade, and never misses a day. Subtract summers and weekends, all the hours before and after school. How much time do our children spend in classrooms?

The answer may surprise you. It is 9 percent: one-eleventh of their time. They spend the rest of their lives elsewhere, at home, playing with friends, or in some shopping mall.

But what happens in that 91 percent makes all the difference in the world. We cannot blame the schools alone for that dismal decline in SAT verbal scores. Your teachers are working hard. The drop shows that we haven't taken the time to read to our kids, to talk with them, to teach them the art of communication, how to think, how to write, how to speak clearly.

What happens at home really matters. And when our kids come home from school, do they pick up a book or do they sit glued to the tube watching music videos? Parents: Don't make the mistake of thinking your kids only learn from 9 a.m. to 3 p.m. You are, and always will be, their first teachers.

Here's another shocking number. Children in one study said the average parent spends just 15 minutes a day, 15 minutes, in conversation with them. Most people spend that much time on coffee break.

The freshmen here today may think they're a bit old to have their homework checked. And maybe as parents, certainly this President will admit, we can't keep up with the latest in computer technology. But that doesn't mean we can't help. The Class of '95 is old enough to sit down, to watch the evening news, talk with their parents about what's going on in the world, to take interests, opinions, and ideas seriously.

But the future of American education depends on more than what happens in the classroom or around the kitchen table. Ask

yourselves, "In our communities, do we value education and intellect? In the working world, do we reward employees who go back to school, who learn new skills?" Every member of the community must play a role in this revolution.

And so parents, don't be a stranger to your child's school. Visit the classroom. Talk to the principal. Get to know those teachers. Make it your business to find out whether your child's school is drug-free. And talk to your school board about school choice, about the curriculum, about ways to put your schools to use year round. But you don't have to have kids in school to have a stake in what happens in the classroom. For the older folks among us, don't complain about "kids today" or that the neighborhood "isn't what it used to be." Get active in the community. Go into your schools. See what you can do to help some kid or help your community.

And the same goes for local business leaders. Get involved, not just in word but in deed. Think of it as community service, giving something back to this wonderful community, to the community your company calls home. Or, think of it in terms of just plain, sound business cultivating the kind of future employees your company needs in order to keep ahead. But above all, act. Do something. Enlist in this great crusade. And that really is the idea behind what we call America 2000 communities, States, cities, and towns that recognize the school as the living center of the community.

Today, the revolution has begun, in Colorado, Oregon, in Tulsa and in Memphis. And today I'm proud to say, right here in Lewiston and in every corner of the State of Maine, it's begun. Together, we must ignite a renaissance in American education, a revolution that will make this Nation every bit the leader in the century ahead that it has been since 1776.

Once again, my heartfelt thanks to you for this warm welcome, as all across this country we begin another school year. And may God bless the United States of America.

Thank you very, very much.

CHECKER FANN'S SMAT,

THE WHITE HOUSE
WASHINGTON

Jennifer:
Ger. Embassy called

1980- 5,355 commercial
banks,
incl. S&L
(distinction is 20
blurred.)

1991. 3,960 incl. 25 S&L

END OF 1781

159 COMMERCIAL
BANKS

11 CHARTER BANKS
148 TRUST + LOANS

Financial Sec
Policy, Dept of
Finance in Ottawa

Japan debt
economic action

Tullerme Vance

Banks ca. 80+

1980 - total 86 banks

Citibanks 13

Trust bank 7

Regional 63

Long-term credit 3

1991
64

Asian Beauty paper

1990 - 40.7 million households

24.1 million from home

59.2% of households own home

Natural Gas

SEN. DOWNER
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3rd 8469475

THE WHITE HOUSE

WASHINGTON

more info, call:

Uli Nitzschke

298-4230

Statistical info is
available

-on duty until 1pm.

MANUFACTURING PRODUCTIVITY INDEXES (1947-1992)

year	index	% growth		% growth
1947	21.2			
1948	22	3.77		
1949	20.8	-5.45		
1950	24.2	16.35	years	
1951	26.1	7.85	1980-1989	+ 38.19 38.19
1952	27.2	4.21	1982-1992	+ 43.08 +43.08
1953	29.6	8.82		
1954	27.7	-6.42		
1955	31.3	13.00		
1956	32.5	3.83		
1957	32.9	1.23		
1958	30.6	-6.99		
1959	34.5	12.75		
1960	35.2	2.03		
1961	35.3	0.28		
1962	38.4	8.78		
1963	40.7	5.99		
1964	43.5	6.88		
1965	48.2	10.80		
1966	52.6	9.13		
1967	53.6	1.90		
1968	56.6	5.60		
1969	59.1	4.42		
1970	56.4	-4.57		
1971	57.3	1.60		
1972	63.3	10.47		
1973	68.9	8.85		
1974	67.9	-1.45		
1975	61.1	-10.01		
1976	67.4	10.31		
1977	73.3	8.75		
1978	77.8	6.14		
1979	80.9	3.98		
1980	78.8	-2.60		
1981	80.3	1.90		
1982	76.6	-4.61		
1983	80.9	5.61		
1984	89.3	10.38		
1985	91.6	2.58		
1986	94.3	2.95		
1987	100	6.04		
1988	105.8	5.80		
1989	108.9	2.93		
1990	109.9	0.92		
1991	107.5	-2.18		
1992	<u>109.6</u>	1.95		

77-81 = 7/23.3 = 2.4
 77-82 3.31 vs 3.9
 for 82-92

2.4%

3.9% ANNUAL INCR IN PRODUC

43% INCR

SOURCE: The Fed

NOTE: The index for 1992 is that for June of 1992.

April	109
May	109.8
June	109.6

decade	% growth	% annual growth rate
1947-1949	-1.89	-0.94
1950-1959	42.56	4.02
1960-1969	67.90	5.93
1970-1979	43.44	4.1
1980-1989	38.20	3.66
1990-1992	-0.27	-0.13

5.3
3.5

202-383-1016
HOUSING AFFORDABILITY

Photo Copy Preservation

TABLE 22
HOUSING AFFORDABILITY
FOR THE UNITED STATES, 1970 - 1990

Year	Median-Priced Existing Single-Family Home	Mortgage Rate*	Monthly P & I Payment	Payment as % of Income	Median Family Income	Qualifying Income**	Affordability Indexes	
							Composite	Fixed ARM
1970	\$23,000	8.35%	\$140	17.0%	\$ 9,867	\$ 6,697	147.3	147.3
1971	24,800	7.67	141	16.5	10,285	6,770	151.9	151.9
1972	26,700	7.52	150	16.2	11,116	7,183	154.8	154.8
1973	28,900	8.01	170	16.9	12,051	8,151	147.9	147.9
1974	32,000	9.02	206	19.2	12,902	9,905	130.3	130.3
1975	35,300	9.21	232	20.2	13,719	11,112	123.5	123.5
1976	38,100	9.11	248	19.9	14,958	11,888	125.8	125.8
1977	42,900	9.02	277	20.7	16,010	13,279	120.6	120.6
1978	48,700	9.58	230	22.4	17,640	15,834	111.4	111.4
1979	55,700	10.92	422	25.7	19,680	20,240	97.2	97.2
1980	62,200	12.95	549	31.3	21,023	26,328	79.9	79.9
1981	66,400	15.12	677	36.3	22,388	32,485	68.9	68.9
1982	67,800	15.38	702	35.9	23,433	33,713	69.5	69.5
1983	70,300	12.85	616	30.1	24,580	29,546	83.2	82.0
1984	72,400	12.49	618	28.2	26,433	29,650	89.1	84.6
1985	75,500	11.74	609	26.2	27,735	29,243	94.8	89.6
1986	80,300	10.25	563	23.0	29,458	27,047	108.9	105.7
1987	85,600	9.28	565	21.9	30,970	27,113	114.2	107.6
1988	89,300	9.31	591	22.0	32,191	28,360	113.5	103.6
1989	93,100	10.11	660	23.1	34,213	31,662	108.1	103.6
1990	95,500	10.04	673	22.7	35,581	32,286	110.2	107.2

Monthly	1981:	1982:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Median-Priced Existing Single-Family Home	\$64,500	\$66,400	64,100	67,000	67,800	69,400	69,200	68,900	67,300	66,900	67,700	67,000	67,000	67,800
Mortgage Rate*	13.67%	15.92%	14.16	15.73	14.38	16.00	16.11	15.56	15.52	15.73	16.01	16.38	16.04	13.95
Monthly P & I Payment	\$598	\$711	614	708	626	722	734	727	723	692	675	654	641	641
Payment as % of Income	33.9%	36.0%	34.7	37.7	35.2	37.4	38.1	38.6	38.1	37.7	35.9	34.8	33.6	32.8
Median Family Income	\$21,137	\$22,475	21,251	22,562	21,364	22,649	22,736	22,910	22,998	23,085	23,172	23,259	23,346	23,433
Qualifying Income**	\$28,701	\$34,124	29,477	33,988	30,646	33,873	34,650	35,242	34,893	34,706	33,236	32,580	31,401	30,609
Composite Affordability Index	73.6	65.9	72.1	66.4	70.1	68.5	66.5	65.4	64.1	63.9	65.0	64.0	64.9	64.9
Fixed ARM Affordability Index	73.6	65.9	72.1	66.4	70.1	68.5	66.5	65.4	64.1	63.9	65.0	64.0	64.9	64.9

HAI
2Q 92: 121.2
(Composite)

SETTING THE RECORD STRAIGHT

"Facts About the 1980s"

**U.S. SENATE
BUDGET COMMITTEE**

*U.S. Senator Pete Domenici
Ranking Republican Member*

Prepared by Minority Staff

July 1992

224-3121

Pete V. Domenici
New Mexico

United States Senator
Washington, D.C.

Dear Colleague:

For the past several months, Democratic members of the Congress have relentlessly tried to define the past decade as a time of abject failure. Recently, however, we have also seen some of these same critics attempt to recast themselves in a Republican image. By denying the successes of the 1980s under Republican leadership, they hope to lay claim to the principles that helped create those successes – Republican principles such as opportunity, hard work, jobs, and most importantly economic growth, the catalyst for rising national prosperity.

No matter how hard revisionists attempt to cloud recollections, the historical record remains intact: the 1980s under Republican leadership was a decade of growth and rising prosperity. And, contrary to some assertions, it was also a period in which government met domestic needs.

This document was prepared at my request by the Republican staff of the U.S. Senate Budget Committee. It presents in a succinct fashion the major issues of the 1980s from the economy to the environment. It sets the record straight.


U.S. Senator Pete Domenici

ECONOMY



The U.S. economy ended the past decade significantly stronger than it began the decade.

✓ The 1980s under Republican leadership included the longest peace-time expansion in U.S. history, lasting 7-1/2 years.

✓ Many Americans, especially the younger generation, may not recall the trauma of 18% inflation and interest rates as high as 21% – a product of the dismal economic performance of the late 1970s.

✓ During the Bush Administration, inflation averaged 4.5%, less than half the inflation during the Carter years.

✓ Currently, inflation has fallen to roughly 3% and, except for a 1.1% rate in 1986, inflation is now the lowest in a quarter of a century.

✓ Mortgage rates are now in the 8% range, half the rate President Reagan encountered in the first year he took office.

✓ Thanks to low interest rates, more people can afford to own a home now than at any time since 1973.

✓ During the late 1970s, taxpayers found themselves paying higher taxes, not because they were wealthier, but because inflation pushed them into higher tax brackets. This "inflation tax" helped raise income taxes from 7.8% of GDP in 1976 to 9.6% in 1981, an \$81 billion tax burden increase.

✓ During the 1980s, this "inflation tax" was terminated! Revenues as a share of GDP fell back to historical levels.

✓ The 1970s malaise associated with out-of-control inflation, interest rates, and taxes, was replaced in the 1980s with an environment that allowed people to plan their lives and focus on the future with confidence.

TRUE OR FALSE:

"The Decade of the 1980s didn't leave us any better off." – FALSE!

● No matter how many times they say it, it just won't wash. The record shows that the 1980s included the longest peace-time expansion in U.S. history, producing 19 million new jobs.

● Since the start of the expansion in late 1982, real Gross Domestic Product (GDP) has risen \$1.1 trillion, adding nearly one-third to the size of our economy.

● The rise in U.S. GDP was greater than the total level of GDP in Germany. Interest and inflation rates have been cut by half. Since 1986, the U.S. export sector has been expanding at a record pace, making us the largest exporter in the world.

● For people this has meant:

➤ real per-capita income and the proportion of the population with jobs at new highs by the end of the decade,

➤ average family income reached \$42,652 in 1990, \$15,000 more than before the expansion began,

➤ real per capita income rose 15.7%,

➤ the unemployment rate reached a 16-year low of 5.3% from a high of 10.7%,

➤ the misery index – the sum of inflation and unemployment – down to 10.4 today from 19.6 in 1980,

➤ The poverty rate down to 12.1% from 13.7%.

JOBS



Economic growth in the Reagan/Bush era has meant jobs! Since the expansion began more new jobs were created in the U.S. than in all the other major industrial countries and the rest of Western Europe combined.

- ✓ Since the beginning of the 1980s expansion, 19 million new jobs have been created. Today, 117.6 million Americans go to work every morning, 18% more than 10 years ago.
- ✓ The share of the working-age population with jobs during the Bush Administration has averaged 62.3%, the highest in U.S. history.
- ✓ The employment-population ratio for Black Americans during the Bush Administration averaged a record 55.7%, up significantly from 52.8% during the Carter years.
- ✓ Job growth was wide spread. Between 1982 and 1991, employment grew by more than 15% in over half the states and by more than 5% in 45 states.
- ✓ All major demographic groups shared in the improvement in job opportunities that resulted from economic growth. Between 1982 and 1991, employment of Blacks was up 29%, and Hispanics, a larger 52%.
- ✓ The unemployment rate during the Bush Administration has averaged 6.1%, the lowest of any Administration back to Nixon. In comparison, unemployment averaged 6.5% during the deteriorating Carter years and reached a peak of 10.7% in 1982 just as the 1980s expansion got underway.
- ✓ Job prospects are good in the U.S. relative to other countries because the unemployment rate is relatively low. The average U.S. unemployment rate during the 1980s was the sixth lowest in the world.
- ✓ The U.S. job market is very dynamic. The number of people who began new jobs was significantly larger than the net change in employment. Between 1987-89, 41.5 million persons went from not having a job in one month to have a job in the following month.

TRUE OR FALSE:

*"The economic well-being of the U.S. is declining."
- FALSE!*

- *Contrary to assertions that U.S. well-being is falling, during the Bush Administration real GDP per capita – the broadest measure of U.S. strength – has been the highest in the world and the highest in U.S. history.*
- *U.S. GDP per capita was 1st among countries in 1980 and is 1st in 1990. GDP per capita of \$16,231 in Germany and \$17,571 in Japan in 1990 remains well below America's \$21,931.*
- *The level of GDP per capita during the Bush Administration is higher than any other previous Administration - \$3,350 more than during the Carter Administration.*

TRUE OR FALSE:

*"The economy is in recession and is getting worse."
- FALSE!*

- *The 1990 recession, marked by two quarters of GDP decline, has been followed by 4 straight quarters of positive growth. The economy is now back to its previous peak, making this recession one of the shallowest on record, as measured by GDP.*
- *Home construction has risen 38% since its trough point at the beginning of 1991.*
- *Expanding export production has accounted for nearly two-thirds of economic growth over the last 4 quarters.*
- *As a result of increased international competitiveness, U.S. exports during the Bush Administration have grown by more than one-quarter in just a little over 3 years. We have become, once again, the largest exporting nation in the world.*

RICH VS. POOR



The 1980s provided economic opportunity for all income levels, not just the wealthy.

✓ The expansion helped raise the lowest incomes, boosting families into higher income brackets. Tracking the income histories of individual families shows that upward income mobility was the norm.

✓ Of the people making up the lowest fifth of the income distribution in the late 1970s, more than half moved out of the lowest fifth and up the income ladder over the next 10 years.

✓ The lower end of the income distribution displayed the most upward mobility. More people moved up the income ladder from the bottom two-fifths than from the next higher two-fifths.

✓ The middle class gained. During the expansion, the middle class shrank because more of them moved above the \$50,000 threshold and into the high-income groups - they weren't moving down.

✓ Upward household income mobility is an American strength not a weakness.

TRUE OR FALSE:

"The rich got richer, the poor got poorer during the Bush/Reagan years." -
FALSE!

● According to some assertions, 60% of the income gains went to the richest 1% of the population between 1977 and 1989. But as the Congressional Budget Office, the Treasury, and a recent Urban Institute study confirm, that's just wrong.

● Including the Carter years in the 1977-89 data hurts all income levels and is most devastating to the poorest fifth of families. But incomes turned the corner during the Bush/Reagan years; incomes increased for each and every income level. While high income groups did increase their means during the 1980s expansion, so did all other income levels.

● The view that only the rich gained ignores the significant income mobility of families, both up for people at the bottom and down for people at the top.

● When upward mobility is taken into account, families who started in the bottom of the income distribution in 1977 saw their incomes rise 77% over the next nine years. In contrast, those in the top one-fifth in 1977 saw their incomes rise only 5%.

● A recent study by the Urban Institute concluded:

> "When one follows individuals rather than statistical groups defined by income, one finds that, on average, the rich got a little richer and the poor got much richer."

> "This pattern, however, may be surprising to the general public, which has been led to believe that the poor were literally getting poorer over the last decade or two, and that the incomes of the rich were skyrocketing. That is simply not true."

77
Treasury Study - 86 1/2%
URBAN Inst '79 → 47%

TAXES



The rich bear a greater share of the cost of federal government than they did before the 1980s tax changes went into effect.

✓ Families in the top 20% of the income distribution pay 75% of all income taxes – an increase of 10% since 1980.

✓ The very rich, those in the top 1% of the income distribution, saw their share of the income tax burden rise 65% during the Reagan/Bush years.

✓ Only 1.1% of total income taxes collected come from families in the lowest 40% of the income distribution. As a result of Republican tax policies, the share of income taxes paid by families in this group declined 70% since 1980!



We started the 1980s with 16 individual income tax brackets and a top individual rate of 70% – now there are three brackets and a top rate of 31%.

✓ If 1980 tax policy were still in effect, a head of household with three dependents and \$40,000 in income would have paid \$3,900 more in federal income taxes than they do now under current law.

✓ Under 1980 tax policy, this hypothetical family could claim four personal exemptions totalling to \$4,000. Under current tax policy, this family can claim exemptions worth \$9,200, an increase of 130%.

✓ This family pays a marginal tax rate of 15% now. If 1980 law were still in effect, they'd pay a marginal rate of 42%.

TRUE OR FALSE:

"The Republican tax policies of the 1980s and 1990s were key to raising the tax threshold and lowering taxes on lower-income families." – TRUE!

● Prior to tax law changes enacted in the 1980s, inflation pushed people into higher tax brackets, and reduced the value of the standard deduction and the personal exemption until they were almost meaningless.

● The eroding standard deduction and personal exemption didn't mean too much to the wealthy – but it meant a lot to those low- and middle-income families struggling to make ends meet.

● Large increases in the standard deduction and indexing the personal exemption took altogether nearly six million families off the tax rolls.

● Between 1977 and 1993, the number of families receiving the Earned Income Tax Credit rose by 143% and the average credit rose more than 300%.

TRUE OR FALSE:

"Republicans were responsible for Social Security payroll tax increases in the 1980s." – FALSE!

● In 1977, President Carter and the Democratic Congress approved five payroll tax increases which occurred in the 1980s.

● Prior to the Carter Administration, the payroll tax rate for workers was scheduled to hit 6.45% in 1990. But due to the Carter tax increases, the payroll tax rate reached 7.65% in 1990, a 19% tax rate hike.

CHILDREN

Funding for programs designed to assist our nation's children has increased, with the emphasis on health, nutrition, education and social services.

✓ The problems facing our children are not the result of diminished Federal spending. President Bush's 1993 budget request for children's programs reflects an increase of 66% since 1989, his first year in office. Total funding for programs assisting children was recommended at a level of \$100 billion for 1993.

✓ The Women, Infants and Children special supplemental food program (WIC), renowned as one of the federal government's most cost-effective, has increased its participation of mothers and infants in the program by 275% since 1980; WIC funding grew 347% from 1980 through 1992, with the President requesting an additional \$240 million for 1993, bringing the annual program cost to \$2.8 billion.

✓ Investment in early childhood education, through Head Start, has demonstrated dramatic savings in averted costs associated with special education, crime and income support.

✓ Funding for Head Start has grown from \$735 million in 1980 to \$2.2 billion in 1992 – a 200% increase. For 1993, President Bush recommended an additional \$600 million for the program – an unprecedented 27% one-year increase.

✓ Under the President's budget, 779,206 children will receive a year of Head Start before entering grammar school.

TRUE OR FALSE:

"During the 1980s, funding for programs designed to assist children was reduced." — FALSE!

- *Over the past 10 years, federal spending on low-income programs, the majority of which is targeted toward assisting children, has grown from \$80 billion to \$153 billion.*
- *Despite more government spending, the problems facing children have escalated as the stability of the family unit has deteriorated.*
- *The poverty rate for children in married-couple families in 1990 was 8.9%; the poverty rate for children in families with only a female head of household was 47.2%.*
- *Children who live in persistent poverty, the homeless, children growing up in dysfunctional families with abuse or neglect, and children having children are all "at risk" of not becoming healthy, productive adults.*
- *One-parent families have grown, from 3.8 million in 1970 (12.9 percent of all families) to 9.7 million in 1990 (28.1 percent of all families).*
- *Twenty-four percent of American children lived with their mothers only in 1990, up from 11.5 percent in 1970.*

EDUCATION



Continuing federal support of education has been coupled with innovative proposals for education reform.

✓ From 1980 to 1991, federal support for education increased 59%, from \$34.3 billion to \$54.6 billion.

✓ Federal support for education extends beyond those amounts, to include post-secondary education loans.

✓ The total volume of guaranteed student loans grew from \$4.6 billion in 1980 to \$11.5 billion in 1991 - an increase of almost 150%.

✓ Federal support for elementary and secondary education increased from \$16 billion in 1980 to \$24.4 billion in 1991, a 53% increase over those years.

✓ Federal support for education also comes indirectly through deductions allowed for state and local taxes—major sources of local education funding—on federal income tax returns. Federal tax deductions that help pay for state funded education are estimated to have increased over 36% from 1980 to 1991, from \$13.3 billion to \$18.1 billion.

✓ Also during the 1980s, expenditures per student in public elementary and secondary schools rose from \$2,502 to \$5,266—an increase of 110%.

✓ The U.S. sends 60% of its children to higher education, second only to Canada in the world, and well above the 32% rate in Germany and 30% in Japan. And 51% of the students are women, providing them more opportunities than in Japan (26%) and Germany (25%).

✓ During the 1980s, reading proficiency, increased dramatically for 17-year old minority students. For Black students, those achieving reading proficiency increased from 6.7% in 1980 to 25.8% in 1988. For Hispanic students, the rate increased to 24.3% in 1988 from only 14.9% in 1980.

study out of Money Magazine
"Why We Still Live Best"
Oct '91

TRUE OR FALSE:

"The President's proposal for educational reform, America 2000, is dead in the water since Congress has refused to act." -
FALSE!

● While Congress appropriated \$100 million last year for implementation of America 2000, it was unable to pass authorizing legislation for education reform.

● Despite the inability of Congress to pass the President's proposal, 43 states and more than 1,100 communities have, on their own, initiated America 2000 projects, in search of innovative ways of achieving the national education goals adopted by the governors and the President in 1989.

● State and local projects include offering parental choice of schools, allowing increased flexibility for teachers and administrators, retraining teachers to incorporate higher academic standards for students, and developing new, break-the-mold schools.

● Examples:

▶ Over 86 of Maine's 184 communities have become Maine 2000 communities.

▶ Memphis 2000 has over 800 persons working to create a "new America school."

▶ Ohio, Texas, and 12 other states have given state commissioners broad authority to free schools from regulation if they produce results.

▶ Minnesota has authorized the creation of deregulated charter schools - a new independent public school. Similar new programs are being worked on in California, Colorado, Connecticut, and Michigan.

HEALTH CARE



American Health Care delivers the best medicine in the world.

- ✓ The U.S. health care system has fostered countless medical breakthroughs and new medical technologies that can prevent and treat the most life-threatening diseases.
- ✓ Our diverse and flexible system has dispersed these advances rapidly throughout the country so that millions of Americans could benefit, vastly improving our health.
- ✓ Since 1980:
 - ▶ life expectancy has increased from 73.7 to 75.3 years;
 - ▶ the infant mortality rate has dropped from 12 to 10.1 per 1000 live births;
 - ▶ years lost due to premature deaths have dropped 11%;
 - ▶ deaths from heart diseases have dropped from 202 to 166 per 100,000 people, an 18% decline;
 - ▶ deaths from strokes and related diseases have dropped from 40.8 to 29.7 per 100,000 people, a 27% decline.
- ✓ Federal investments in biomedical research – \$9.4 billion in 1993, up from \$3.2 billion in 1980 – have led to many of the most important discoveries in medicine, such as discovery of the cause of cystic fibrosis, paving the way for dramatic improvements in diagnosis and treatment, and possibly a cure.
- ✓ Since 1989, President Bush has increased AIDS research funding by 39% to over \$1.2 billion, AIDS prevention funding by 29% to \$621 million, and AIDS treatment funding by 240% to \$2.5 billion.

TRUE OR FALSE:

"President Bush has presented a comprehensive program to control costs and spread access to health care." – TRUE!

- *The President's Health Reform Program builds on the strengths of the U.S. health care system – consumer choice, innovation, and state-of-the-art medicine – while controlling costs and expanding access.*
- *The President's program would cut health costs by \$394 billion over 5 years by eliminating administrative waste and unnecessary paperwork, investing in preventive care, reducing defensive medicine through medical malpractice reform, arming consumers with information about costs and quality, and encouraging enrollment in cost-effective health plans.*
- *The President's program guarantees access to health insurance for all poor families through tax credits sufficient to buy a basic health insurance plan (\$3,750 for a family). Other low and middle income families would get tax relief to partially offset the costs of their health insurance. In total, some 70 million Americans will benefit.*
- *The program provides insurance security for all Americans by prohibiting "preexisting condition" clauses in health insurance and ensuring workers can keep employer health insurance when changing jobs.*
- *The President has increased investments in preventive health care, particularly for children:*
 - ▶ *Medicaid has been expanded to ensure care for all poor pregnant women and poor children up to age 19;*
 - ▶ *Spending for childhood immunizations is up by 143% since 1989 (to \$349 million),*
 - ▶ *a new Healthy Start infant mortality reduction program will target areas of high infant mortality.*

HOUSING



During the past twelve years, a variety of programs has worked to make homeownership opportunities more affordable and more accessible for all Americans.

- ✓ Through refinancing and mortgage rate reductions, American homeowners have been able to reduce their mortgage payments by as much as \$1,500 to \$2,000 a year. This tremendous savings has helped raise homeowner confidence and spending.
- ✓ The United States has the highest homeownership rate of all major industrialized countries with more than 64% of households owning their own homes. This is higher than the 61% rate in Japan and the 39% rate in Germany.
- ✓ Between 1980 and 1990, 7.2 million more families owned their own homes, a 14% increase.
- ✓ Mortgage rates are now the lowest they have been in 19 years, making homeownership more affordable.
- ✓ Despite billions of taxpayer dollars devoted to low-income housing, some of the worst housing in America is government run. People choose to live on the streets rather than occupy public housing projects.
- ✓ The Democratic Congress continues to fund the same approaches that result in more public housing projects being constructed. Nearly 14% of public housing is vacant and boarded-up.
- ✓ The Bush Administration has pushed for using the new approach of housing vouchers to provide homeownership opportunities for low-income families. President Bush's most recent budget proposes a \$1.9 billion increase for housing vouchers - from \$758 million to \$2.7 billion. This increase would result in nearly 83,000 low-income families receiving housing vouchers. Vouchers are more cost effective than constructing new public housing units, families don't have to wait 7 years for the units to be built, and vouchers allow families more choice.

TRUE OR FALSE:

"During the 1980s, the Bush-Reagan Administration cut housing assistance." - FALSE!

- In 1990, HUD housing assistance was provided to 4.4 million low-income families, up from 3.1 million in 1980. This represents a significant 42% increase.
- During the 1980s, federal spending for assisted housing increased from \$6.3 billion to \$15 billion representing an increase of 138%. There were no budget cuts to housing during the 1980s, only substitution of programs to try new approaches such as housing vouchers.
- HUD has added to the number of households being served at a rate of 80,000 to 100,000 a year throughout the 1980s right up to today.
- President Bush has increased funding to help the homeless by 76%, to over \$1.1 billion.
- The Bush Administration continues to push for higher funding for its newly created HOPE Homeownership Program. HOPE gives low-income families a stake in their communities by providing assistance to buy their public housing units. Ownership is a stabilizing force in communities and a fundamental building block of prosperity in America. Low-income families need to be part of this opportunity.

TWIN DEFICITS



Rebounding U.S. competitiveness and strong export growth characterize the Bush years.

- ✓ During the Bush Administration, U.S. exports have risen fully one-quarter to the highest level in U.S. history.
- ✓ Today U.S. exports amount to 11.5% of U.S. output, up from 8.5% at the beginning of the 1980s.
- ✓ All major categories of exports gained during the Bush years. Exports of industrial supplies increased by 29%, capital goods by 53%, automotive by 37%, and consumer goods by 99%.
- ✓ With exports now at \$617.7 billion, the U.S. is once again the world's largest exporting nation.
- ✓ U.S. export growth has been roughly twice the rate of the other G-7 major industrial countries during the Bush Administration.
- ✓ As a result of rising U.S. competitiveness, the U.S. trade position has been brought back into balance. The U.S. trade deficit on goods, services, and income has shown a \$140 billion improvement over the past five years culminating in a \$1.4 billion surplus in the first quarter of 1992.

TRUE OR FALSE:

"Tax cuts in the 1980s led to the rise in the Federal deficit." - FALSE!

- *Too much Federal spending, not too few taxes, has been the main reason for large deficits in the 1980s. Over the decade, tax collections rose 81%. Spending had risen 92% - 11% more than taxes.*
- *Federal revenues as a share of GDP during the 1980s at 18.9% were higher - not lower - than their average of 18.5% over the previous two decades.*
- *But Federal spending as a share of GDP rose to record highs. Over the 1980s spending averaged 23.1% - more than three percentage points higher than the 20% of the previous two decades.*
- *The Budget Agreement of 1990 lowered budget deficits in the 1990s by \$500 billion but the agreement stopped short of controlling entitlement and other mandatory spending that has accounted for most of the rise in outlays in the 1980s.*
- *Over the next ten years, entitlement and other permanent mandatory programs are projected to rise 89% and will account for seven-eighths of all Federal revenues collected.*
- *President Bush's proposals for controlling mandatory spending have been rejected by the Democratic Congress.*
- *Presidents Bush and Reagan submitted plans in six out of the eight years since the enactment of the Gramm-Rudman-Hollings law in 1985, that would lead to a balanced budget. Further, Congress has regularly rejected these budgets and three times over the past decade - in 1982, 1986, and 1992 - declined to adopt a constitutional amendment to balance the federal budget!*

IMPROVING AMERICA'S INFRASTRUCTURE, HELPING AMERICA GROW



The past ten years have brought an increase in governments' contribution toward building America.

✓ Contrary to popular impressions, public investment in infrastructure has not been declining. Total public investment in infrastructure in the 1980s grew 2.2% annually, roughly equal to the growth in the 1950s and greater than growth in the 1970s.

✓ Since 1989, under President Bush, federal spending for infrastructure has increased a nominal average of 6 percent annually, or 2.7% annual real growth.

✓ State and local government investment in infrastructure, which has averaged 70% of all public investment over the past 35 years, rose in the 1980s from \$46.8 billion to \$103.5 billion, or 9.2% annually.



Economic growth in the 1980s provided enormous benefits to state and local governments.

✓ Rising jobs and incomes resulting from the expansion of the 1980s allowed state and local revenues to grow from \$390 billion in 1980 to \$801 billion in 1990.

✓ State and local government expenditures grew from \$363 billion in 1980 to \$765 billion in 1990.

✓ State and local governments expanded services dramatically during the boom of the 1980s, when revenues were plentiful and the caseloads of income security programs were reduced.

✓ State and local employment continued to rise throughout the 1980s. The number of state and local public employees grew at a rate of 14.7 percent as the country's population grew only 9 percent.

TRUE OR FALSE:

"The plight of America's cities is the result of 'A Decade of Neglect' by the federal government." - FALSE!

- **Federal grants-in-aid to state and local governments has increased from \$88 billion in 1982 to a projected \$182 billion in 1992— an increase of 50 percent during the Bush Administration alone.**
- **The non-entitlement federal grant programs for state and local governments - such as highways, airports, education, and social services - have expanded strongly during the past two years, growing 28.1% from fiscal year 1990 to 1992.**
- **Direct federal assistance to cities decreased during the 1980s, but federal assistance to states increased proportionately.**
- **At the same time, state intergovernmental grants to local governments rose 94% from 1980 to 1989.**

CRIME AND DRUGS



During the past ten years funding for combating crime and waging the war on drugs has been dramatically increased.

✓ Spending on federal law enforcement has grown from \$4.3 billion in 1981 to an estimated \$15.8 billion in 1993. This has paralleled a dramatic 22% decrease in the national crime rate over the same period:

- ▶ rape decreased 33%
- ▶ robbery was down 24%
- ▶ assaults fell by 14%
- ▶ theft was down 25%

✓ U.S. Attorneys continue to aggressively target and prosecute financial fraud and white collar crime. Between October 1988 and March 1992, 2,300 Savings and Loan crooks were convicted and more than \$37 million in criminal restitution recovered.

✓ Since the early 1980s, Federal law enforcement agencies have worked increasingly with state and local officials to target inner-city gangs, organized crime, and major drug trafficking operations. President Bush has tripled federal anti-drug assistance, now \$496 million, to state and local governments.

✓ Bush/Reagan law enforcement initiatives, including aggressive prosecution, stiffer sentencing, and federal prison expansion, have kept violent offenders off the streets. The prison population has increased 172% since 1981.

✓ The national drug control budget has grown from \$1.5 billion in 1981 to \$12.7 billion in 1993, an increase of 750%. Spending on prevention and treatment has doubled under Bush and is now up to \$4.1 billion.

✓ President Bush has fought for strengthening our crime laws, including an enforceable federal death penalty.

TRUE OR FALSE:

"The Bush/Reagan War on Crime is having a significant impact on illegal drug use in America." - TRUE!

● *President Bush has given the Defense Department an active role in halting the flow of illegal drugs into the U.S. Federal cocaine seizures in 1991 totaled nearly 108 metric tons, a 10% increase over 1989.*

● *Last year Congress cut President Bush's requested increases for law enforcement agencies such as the FBI, DEA, INS, and Federal prisons by \$472 million - a 64% cut!*

● *Use of illicit drugs decreased dramatically in the 1980s. According to the National Institute on Drug Abuse (NIDA) 1991 Household Survey, the number of Americans using illicit drugs dropped 10.8 million, or roughly 30%, between 1985 and 1991.*

● *President Bush's National Drug Control Strategy helped cut overall drug use by 13% and adolescent use by 27%.*

● *President Bush's innovative "Weed and Seed" initiative weds tough law enforcement efforts targeting drug dealers and violent criminals with effective social and economic programs to regenerate troubled neighborhoods. Bush has proposed \$500 million for "Weed and Seed" in 1993.*

ENVIRONMENT



During the past twelve years, our nation's most important environmental laws have been significantly strengthened.

✓ Twenty-two years after a Republican President created the Environmental Protection Agency (EPA), the Congress has failed to adopt President Bush's 1990 proposal to make EPA a cabinet level Department.

✓ The United States has the toughest, most comprehensive environmental laws of any nation on Earth. During the 1980s, 43 environmental laws were enacted. During his first two years in office, President Bush alone signed 26 bills into law, including the 1990 Clean Air Act.

✓ The United States has led efforts to research, assess, and combat the ozone hole and global warming:

- ▶ Last February, President Bush announced the unilateral phase-out of ozone depleting substances by 1995. U.S. production of these substances is already 42% below levels required by international agreements.
- ▶ The U.S. spends more than half of what is spent in the world on global warming research.
- ▶ The U.S. is the only nation except the Netherlands that has a detailed action plan for limiting greenhouse gas emissions.
- ▶ Through Bush initiatives such as the 1990 Clean Air Act, the National Energy Strategy, and the America the Beautiful Reforestation program, the U.S. will reduce greenhouse gas emissions by 125 to 200 million tons without seriously damaging our economy.

TRUE OR FALSE:

"During Reagan-Bush, pollution increased, environmental regulations were relaxed, and funding was slashed." - FALSE!

- The Reagan and Bush Administrations have sought to protect the environment in a cost-effective manner that minimizes job losses and threats to sustained economic growth.
- The U.S. currently spends more on pollution control than any other country in the world, devoting at least \$115 billion annually, or 2% of GDP.
- During the past two decades:
 - ▶ lead pollution down 96%,
 - ▶ carbon monoxide pollution down 41%,
 - ▶ sulfur dioxide pollution (contributes to acid rain) down 25%, and,
 - ▶ water pollution (suspended solids) down 80%.
- The Federal budget for environmental programs more than doubled since President Bush took office. He has proposed a 22% increase - or an added \$3.4 billion - for 1993. The President proposes in 1993 to spend:
 - ▶ \$2.7 billion for EPA's operating budget (more than double 1980 levels);
 - ▶ \$9.4 billion for cleanup of Defense and Energy Department facilities.
 - ▶ \$1.4 billion for global climate change research (24% above last year).

APPENDIX

Federal Budget Trends

Table:

- A) Receipts, Outlays, and Deficits
In Billions of Dollars
- B) Receipts, Outlays, and Deficits
As a Percentage of GDP
- C) Components of Outlays
In Billions of Dollars
- D) Components of Outlays
As a Percentage of Total Outlays

RECEIPTS, OUTLAYS, AND DEFICITS
(\$ billions)

Fiscal Year	Receipts	Outlays	Deficit
1965	116.8	118.2	1.4
1970	192.8	195.6	2.8
1975	279.1	332.3	53.2
1980	517.1	590.9	73.8
1981	599.3	678.2	79.0
1982	617.8	745.8	128.0
1983	600.6	808.4	207.8
1984	666.5	851.8	185.4
1985	734.1	946.4	212.3
1986	769.1	990.3	221.2
1987	854.1	1,003.9	149.8
1988	909.0	1,064.1	155.2
1989	990.7	1,114.2	153.5
1990	1,031.3	1,251.8	220.5
1991	1,054.3	1,323.0	268.7
1995 ¹	1,340.0	1,543.0	203.0

TABLE B.

RECEIPTS, OUTLAYS, AND DEFICITS
As a Percentage of GDP

Fiscal Year	Receipts	Outlays	Deficit
1965	17.4%	17.6%	0.2%
1970	19.6	19.9	0.3
1975	18.5	22.0	3.5
1980	19.6	22.3	2.8
1981	20.2	22.9	2.7
1982	19.8	23.9	4.1
1983	18.1	24.4	6.3
1984	18.0	23.0	5.0
1985	18.5	23.8	5.3
1986	18.2	23.5	5.2
1987	19.2	22.5	3.4
1988	18.9	22.1	3.2
1989	19.2	22.1	3.0
1990	18.9	22.9	4.0
1991	18.7	23.5	4.8
1995 ¹	19.1	22.0	2.9

1) Projections are from "An Analysis of the President's Budgetary Proposals for Fiscal Year 1993", CBO, March 1992. Proportion of total outlays that is defense is SBC-GOP Staff estimate.

COMPONENTS OF OUTLAYS²
(\$ billions)

Fiscal Year	Defense	Nondiscretionary	Entitlements	Interest	Net
1965	51.0	30.8	35.7	8.6	
1970	81.9	42.7	68.2	14.4	
1975	87.6	74.9	164.9	23.2	
1980	134.6	141.9	291.1	52.5	
1981	158.0	150.1	340.6	68.8	
1982	185.9	140.3	372.7	85.0	
1983	209.9	143.6	410.4	89.8	
1984	228.0	151.6	405.4	111.1	
1985	253.1	163.1	447.8	129.5	
1986	273.8	165.2	461.2	136.0	
1987	282.5	162.4	473.3	138.7	
1988	290.9	174.1	504.2	151.8	
1989	304.0	185.6	549.2	169.2	
1990	300.1	201.6	624.6	183.8	
1991	317.0	215.2	702.2	196.3	
1995 ¹	267.2	270.9	848.0	246.0	

TABLE D.

COMPONENTS OF OUTLAYS²
As a Percentage of Total Outlays

Fiscal Year	Defense	Nondiscretionary	Entitlements	Interest	Net
1965	43.1%	26.1%	30.2%	7.3%	
1970	41.9	21.8	34.9	7.4	
1975	26.4	22.5	49.6	7.0	
1980	22.8	24.0	49.3	8.9	
1981	23.3	22.1	50.2	10.1	
1982	24.9	18.8	50.0	11.4	
1983	26.0	17.8	50.8	11.1	
1984	26.8	17.8	47.6	13.0	
1985	26.7	17.2	47.3	13.7	
1986	27.6	16.7	46.6	13.7	
1987	28.1	16.2	47.1	13.8	
1988	27.3	16.4	47.4	14.3	
1989	27.3	16.7	49.3	15.2	
1990	24.0	16.1	49.9	14.7	
1991	24.0	16.3	53.1	14.8	
1995 ¹	17.3	17.6	55.0	15.9	

2) These components, combined with a small amount of off-setting receipts (not shown), sum to total outlays.

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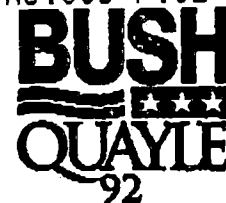
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FACT SHEET

Issues Office



August 12, 1992

PRESIDENT BUSH: HELPING SMALL BUSINESSES TO GROW AND CREATE JOBS

"Through their willingness to take risks and to do the hard work that is necessary to improve existing products and services, or to design, develop, and market new ones, small business people are leading America's economic productivity and innovation. Indeed, small business is the lifeblood of our Nation's free enterprise system."

President Bush
May 12, 1992

Summary

- o As a former businessman and entrepreneur, George Bush understands the difficulties faced by small business owners, especially the need to raise capital and invest in growth. President Bush appreciates small business' unique role in creating jobs. Accordingly, the President has tailored his economic policies to cut burdensome federal regulations and to help small businesses get better access to capital.
- o As the economy begins to recover, the President's efforts to keep inflation and interest rates low and to eliminate burdensome regulations are helping small businesses to cut costs, raise capital, and create jobs.
- o To spur growth, and encourage new investment, the President is pushing a far-reaching economic growth plan, including new incentives for small businesses to invest in productivity -- a capital gains tax cut and a new investment tax allowance. The President's \$5,000 tax credit for first-time homebuyers' will also spur new demand for housing, generating 272,500 new jobs, 125,000 new home starts, and \$12.5 billion worth of residential construction.
- o The President has authorized a record 6 billion dollar loan authority for the SBA for new business start ups and job expansion.

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- o The President will not impose costly new taxes on small businesses, especially new payroll or income taxes. In contrast, Bill Clinton has already promised to impose \$150 billion in new taxes on the American people, including significant new payroll tax mandates and income tax rate hikes.
- o Clinton's new tax increases and mandates on business would cost jobs.
 - Over 800,000 small businesses would be hit by Clinton's tax hikes. Per worker health care costs would soar by at least two-thirds, while mandated family leave would cost them \$1.2 billion each year. A small business owner would have to think twice about hiring each new worker.
 - The National Federation of Independent Business estimates that between one and two million small business jobs would evaporate if "play or pay" health insurance becomes law.
- o In addition to vetoing the Democrats' \$100 billion tax hike earlier this year, the President has vetoed bills that would have imposed significant new mandates on businesses, including new requirements for parental and family leave. The President has fought successfully for flexible policies -- in child care, for instance -- that serve both small business owners and employees.
- o The President's commitment to open new markets and conclude free-trade agreements that break down foreign barriers are creating new growth opportunities for American businesses.

Small Business: Backbone of a Growing Economy

- o The Bush Administration's economic policies have reduced inflation and interest rates to their lowest levels in decades, laying the groundwork for a strong recovery, new growth, and more jobs.
- o President Bush's economic growth plan, which Democrats in Congress continue to block, would have created 500,000 additional new jobs this year. Small businesses, in particular, will benefit from the President's plan.

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- Small businesses accounted for more than two-thirds of the 850,000 jobs created in 1991 and 350,000 jobs during the first five months of 1992.
- Small businesses currently employ more than half of the American work force, generate 44% of all sales, and 39% of the U.S. GNP. From 1990-91 small business profits increased by more than 32%.
- o Many of the President's actions have followed recommendations called for at the 1986 White House Conference on Small Business. Those recommendations included: capital gains tax reduction, liability reforms, and opposition to government mandated benefits.

Reducing Taxes on Business

- o Capital Gains Tax Cut: President Bush has proposed a reduction in the capital gains tax to create jobs, spur new investment, and boost productivity. Congress has refused to pass the capital gains tax cut proposed in both the 1990 and 1992 Presidential economic growth packages. As a result, small businesses and venture entrepreneurs have suffered.
 - 47% of most small businesses obtain start-up funds from personal capital which is taxable under current laws.
- o Investment Tax Allowance: The President supports a 15% investment tax allowance to encourage businesses to buy equipment, upgrade their plants, and start hiring again.
 - An investment tax allowance would spur 30% of all small businesses to expand facilities and operations.
- o R & D Tax Credit: The President has proposed to make permanent the 20% research and experimentation tax credit, which will encourage investment in industries and technologies to lead long-term growth into the next century.
- o AMT Reform: The President opposes the "adjusted current earnings" depreciation adjustment under the Alternative Minimum Tax (AMT). This penalizes capital-intensive industries such as airlines, chemicals, paper, motor vehicles, and steel when they buy equipment to modernize or expand capacity. As part of his economic growth package, the President has proposed AMT Reform.

- o The President's proposed enterprise zones will encourage small businesses to return to inner cities and rural areas. The incentives include a limited refundable tax credit for qualified employee wages and an elimination of taxation on capital gains attributable to eligible zone property.
- o The President strongly supports a first-time homebuyer's tax credit as a long-term stimulant to the economy. This credit would create about 272,000 jobs, generate 125,000 housing starts, and produce \$12.5 billion in additional residential construction.

The Dangers of Tax-Hiking Clintonomics

- o Clinton's economic "strategy," which proposes the largest single tax increase in history and includes oppressive government mandates, would cost at least 2.6 million American jobs.
- o Clinton hides behind the veil of class warfare, claiming that his tax increases will only "soak the rich." In reality, he plans to drown small business.
 - The real burden of Clinton's tax hikes will be felt largely by job-creating small businesses -- the sole proprietorships, partnerships, Subchapter S corporations and family farms that form the backbone of the small business community.
 - More than 75% of those whose taxes will be raised fall into this category, and more than \$40 billion of the Clinton tax hikes will be paid for directly from the profits of small business.
 - Simply stated, more than 800,000 small businesses will have their taxes increased each year under a Clinton presidency.
- o All told, Clinton's new taxes and mandates on business will cost American businesses \$101 billion next year -- fully 54% of their 1991 profits. At a time when the economy is starting to grow again, any plan that takes away over half of American business' profits -- profits that are being invested in new workers and better products -- will cost jobs, eliminate opportunity, and stifle economic growth.

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Health Care Reform for Small Businesses

- o Over the past two years, 83% of small businesses have seen their health care costs increase. President Bush realizes that small businesses have been at a competitive disadvantage in the insurance marketplace and has pledged to reform the current health care system.
- o The President's plan can reduce the cost of health coverage for small business without costly government mandates or higher taxes.
 - Health Insurance Networks: Until now, small businesses have been at a competitive disadvantage in the insurance marketplace. The President's Comprehensive Health Reform Program encourages small businesses to form Health Insurance Networks (HINs). These HINs will allow small businesses to pool their purchasing power, enabling them to purchase low cost, high quality health insurance. The President's proposal also exempts insurance sold through HINs (as well as that sold outside of HINs) from costly state-imposed mandates and excessive state premium taxes.
 - 100% Deduction: Self-employed persons would be permitted to deduct 100% of their insurance costs (as a regular business expense) from their taxable income.
 - Insurance Credit Certificates: Small business employees and their families with low to moderate incomes and not receiving employer provided health insurance would receive insurance credit certificates or tax deductions of up to \$1,250 for individuals, \$2,500 for 2-person families, and \$3,750 for larger families, making insurance affordable.
- o The President's plan ensures that states will develop packages of basic benefits, and will guarantee that similar businesses buying similar insurance policies pay comparable premiums, regardless of how sick their employees are. No longer will small employers find that one sick employee or one employee with a sick child will make insurance unaffordable or unavailable.
- o The President strongly opposes play-or-pay and Canadian-style health plans that would penalize small businesses and bring with them the rationing of services, new intrusive government bureaucracies.

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- A survey conducted by the National Federation of Independent Business showed that 93 percent of small-business owners oppose government mandating that employers purchase health insurance for their employees. In fact, if these employers were forced to pay as much as \$150 a-month per employee for health coverage, more than one-fourth would opt to close their doors. Another one-fourth would remain open but lay off some employees.
- o Bill Clinton's play-or-pay health plan would require \$80 billion in new taxes.
- In addition, the minimum of a 7 percent payroll tax that a play-or-pay health plan requires could result in a pay cut of \$1,680 a year for the average 30-year old male high school graduate, currently earning \$24,000 a year in wages, and a pay cut of \$1,260 a year for the average 30 year old male high school dropout, currently earning \$18,000 a year in wages.

Presidential Vetoes: Stopping the Democrats' Costly New Mandates

- o President Bush has consistently opposed measures that would hurt small business. Among his 31 vetoes, the President vetoed three measures that would have imposed costly new mandates and regulations on small business:
 - Labor Standards Amendments of 1989
Had President Bush not vetoed this bill, which increased the minimum wage to \$4.55 per hour, many small firms would have had to lay off employees to meet unnecessarily inflated labor costs. The bill would have forced employers to cut services to their customers or cut jobs, particularly damaging the employment prospects of young people and less advantaged citizens. It also would have accelerated inflation, causing some businesses to close completely.
 - Family and Medical Leave Act (1990)
President Bush believes that family leave is an important benefit for employers to offer employees, but he objects to rigid, federally-imposed requirements. This bill would have stifled productivity and job growth which the U.S. desperately needs if it intends to compete in the global marketplace. Small businesses would have been hit hard by mandated family leave, costing them \$1.2 billion each year.

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- Tax Fairness and Economic Growth Acceleration Act (1992)
This bill, forced through by the Democratic leadership, included a \$100 billion tax increase. More than two-thirds of this tax increase would have fallen on small business owners and entrepreneurs. The plan also failed to create long-term investment and growth and would have jeopardized the economic recovery.

Relieving the Credit Crunch

- o The Bush Administration has worked with bank regulators and has conducted extensive meetings with bankers, examiners, and borrowers all over the nation to ease the credit crunch and increase the availability of funds.
- o The Administration has worked with regulators to issue over 35 regulatory changes in order to increase the availability of credit.
 - The Bush Administration has directed that valuation of real estate be based on ability to generate income, not on liquidation value.
 - The President has taken action to end over-zealous bank examinations and to promote incentives that help banks maintain capital levels.
 - The President has proposed legislation to increase the availability of credit by reducing unnecessary regulatory burdens on the banking industry. Industry observers estimate that if just 25% of the resources banks now devote to regulatory compliance could be redirected into bank capital, the banking industry could support \$20-30 billion in additional lending.
- o The Bush Administration has called on banks with improving capital and earnings aggressively to seek out sound loans -- and not just investing their capital in government securities.

Improving Access to Capital Through the SBA

- o Working with the programs of the U.S. Small Business Administration (SBA), the President has expanded opportunities for small businessmen and women to obtain capital. The President has authorized a record \$6 billion loan authority for the SBA for new business start ups and job expansion.

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- o The SBA has established a micro-loan program to make direct 10-year loans of up to \$750,000 to non-profit intermediaries which provide small loans -- ranging from a few hundred dollars to \$25,000 -- to entrepreneurs to establish or strengthen their small businesses.
- o The Bush Administration has worked with Congress to seek long-term improvements in the venture capital-providing Small Business Investment Corporations (SBICs).

Regulatory Reform

- o President Bush has made the reduction of burdensome regulation a priority in his efforts to spur economic growth, and has taken significant steps to ease the strangle-hold of unnecessary regulations. Regulations, no matter how well-intentioned, often times stifle economic growth and inhibit job creation.
 - In his January 28, 1992 State of the Union address, President Bush ordered a temporary halt to new federal regulations. President Bush's moratorium will help small businesses grow without sacrificing health and safety.
 - According to a recent survey by National Small Business United, regulatory burdens are the second-highest concern of small business owners.
 - Under the President's direction, federal agencies have taken more than 200 separate regulatory reform actions which collectively will save Americans between \$11 and \$24 billion annually.
- o The Administration has developed proposals designed to ease, or provide more flexibility in the regulation of small business.
 - The Bush Administration has proposed allowing small businesses to file payroll taxes only once a month instead of as often as twice a week as now required.
 - The IRS is currently working on a new federal tax form (941EZ), one specifically tailored for small business, which eliminates many questions applicable only to larger firms. In 1990, the IRS developed a new unemployment tax reporting form that is now used by approximately 700,000 small businesses, and is estimated to save 10 million hours in paperwork.

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- The Administration has proposed deductible tax preparation fees, joint federal and state filing, and the electronic deposit of payroll taxes.
- o Under the Vice President's leadership, the President's Council on Competitiveness is assisting federal agencies in reducing the regulatory barriers that hamper the growth of American industries.
 - The Council challenged overly-restrictive definitions of wetlands that would have barred development on lands not truly wet.
- o The President has proposed legislation that will reform the product liability system by encouraging settlements instead of costly litigation, reducing excessive court awards, and providing for prompt payment of legitimate claims.
- o To assist small businesses in raising essential capital, the SEC is simplifying needlessly complex registration requirements. It is also increasing the maximum size for SEC Regulation A public stock offerings from \$1.5 million to \$5 million under streamlined procedures.

Opening Markets for American Goods

- o U.S. goods and services face many barriers around the world, from prohibitive licensing requirements and collusive corporate business practices to inadequate protection for intellectual property rights. President Bush is committed to redressing these barriers and increasing exports to create jobs and foster competitiveness.
 - U.S. merchandise exports surged to an all time high of \$422 billion in 1991, up 31% since 1988. Today, America is again the world's leading exporting nation, and small businesses have been a beneficiary of this export growth.
- o The President wants a strong North American Free Trade Agreement (NAFTA) with Canada and Mexico, which would create a market of 360 million consumers with an output of \$6 trillion. Since Mexico began to liberalize trade in 1986, U.S. merchandise exports to Mexico have surged by more than 169 percent; a NAFTA will ensure that our exports to Mexico increase even more.

- NAFTA means more opportunities for U.S. small businesses to grow through international export. U.S. merchandise exports to Mexico and Canada have more than doubled since 1980, rising from \$51 to \$118 billion.
- o The President is working for a strong GATT agreement to open markets worldwide to a variety of U.S. businesses. A successful agreement could increase U.S. output by \$1 trillion over the next ten years.
 - The President stood firm in his protection of U.S. intellectual property rights and opposed arbitrary emissions targets and timetables in Rio de Janeiro at the United Nations Conference on the Environment and Development.
- o Had the President not successfully objected to these Rio initiatives, the U.S. biotech industry would have been decimated, the U.S. opposed provisions that would have jeopardized U.S. biotech industry activities overseas, and new job-costing carbon taxes.

Development of a Skilled and Literate Workforce

- o President Bush believes that improving the American educational system and job training programs are critical to America's competitive position in the world. The President has begun programs that will lead to a better educated workforce that can quickly adapt to the changing business needs of the future.
 - The President's America 2000 grass-roots education strategy advocates school choice (both private and public), tougher standards, and would create break-the-mold New American Schools.
- o The President has doubled funding for literacy and established the National Institute for Literacy which coordinates all federal literacy programs. Literacy is a top priority of both the President and Mrs. Bush.
- o The President's Job Training 2000 initiatives will replace several different Federal job-training programs with a new, coordinated, market-driven system. Services now provided under the Job Training Partnership Act will be provided through Skills Centers that will provide "one stop shopping" for those in need of job training.

- On April 14, 1992, President Bush sent to Congress his Youth Apprenticeship Act. This bill facilitates the development of voluntary youth apprenticeships that integrate high academic standards, workplace skills, and real working experience leading to meaningful employment.
- o The President's Lifelong Learning Act ensures that higher education will be available to many people who are now denied access, particularly part-time students. This Act makes it easier for employees of small businesses to get training by providing a lifetime line of credit for all Americans.

Supporting Women Entrepreneurs

- o Through the Office of Women's Business Ownership at the Department of Labor and the Small Business Administration, the Bush Administration assists nearly 5 million women entrepreneurs in the U.S. Census Bureau statistics indicate that women own 32% of all small businesses in the United States, projected to grow to 40% by the year 2000.
- o President Bush has established initiatives designed to help women to establish and maintain their own businesses. His initiatives provide technical assistance, improve access to credit, and foster export growth.

White House Conference on Small Business

- o The President, in recognition of the important role small business plays in the American economy, fully supports the 1994 Conference on Small Business.

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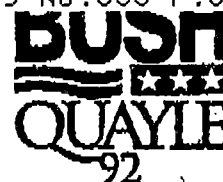
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BACKGROUNDER



August 27, 1992

Issues Office

THE PRESIDENT'S PLAN TO CREATE JOBS

THE PRESIDENT'S GROWTH PLAN WOULD CREATE AT LEAST 500,000 JOBS THIS YEAR.

- o The President's plan to create jobs: Had the President's growth package been passed by the Congress, it would have created 500,000 jobs this year alone. The President continues to fight for job training growth measures such as: a cut in the capital gains tax, a \$5,000 tax credit for first time homebuyers, creation of flexible IRAs, and a new Investment Tax Allowance.
 - The President's \$5,000 homebuyers tax credit would create 272,500 jobs, primarily in the now-distressed construction and manufacturing industries, and generate an additional 125,000 housing starts.
- o Spurring Investment and Creating New Jobs: By 1996, a capital gains tax reduction would create 282,000 jobs, and establishment of flexible IRA accounts would create 61,000 jobs, according to estimates of job creation by growth proposals similar to the President's.
- o Opening Foreign Markets to American Goods: President Bush has taken an active and direct role in opening foreign markets and reducing subsidies and other barriers to trade.
 - NAFTA: The President negotiated and signed a North American Free Trade Agreement (NAFTA) to create new American jobs. Exports to Mexico already support over 600,000 U.S. jobs. The Institute for International Economics projects that with a NAFTA, over one million U.S. jobs could be tied to exports to Mexico by 1995, and that increased exports due to a NAFTA will have created 175,000 net new jobs.
 - Even the homestate of NAFTA's leading critic, Congressman Gephardt, will benefit from the agreement. Almost one-third of Missouri's 170,000 export-related jobs depend on exports to Canada and Mexico. The jobs created by a NAFTA will pay good wages since export-related jobs pay 17% more than the average U.S. job.
- o Clinton's economic plan will lose 2.6 million jobs, 1.7 million of which will come from his rash defense cuts and burdensome "play-or-pay" health plan. While he calls his \$150 billion tax increase an "investment," one million defense workers and employees from 800,000 small businesses will call it unemployment.
 - It is unfortunate that automotive workers are being displaced while their factories are retooled. But, it would be far more tragic that under a Clinton-Gore Administration, radical increases in automotive efficiency standards would cost 300,000 automobile and related workers their jobs -- permanently.

TREASURY NEWS



Department of the Treasury

Washington, D.C.

Telephone 566-2041

EMBARGOED UNTIL 9 PM (EST)
January 28, 1992

President Bush's Plan to Stimulate Economic Recovery, Promote Long-Term Growth, and Expand Opportunity

The President's plan will stimulate economic recovery and job-creating investment; open up opportunity for home ownership and real estate recovery; and help families build for the future. It accomplishes these goals with the following initiatives:

<u>Proposal</u>	<u>page</u>
o Cut Capital Gains Tax Rate	2
o Investment Tax Allowance (ITA)	9
o Simplify and Enhance Alternative Minimum Tax (AMT) Depreciation	10
o Targeted Jobs Tax Credit	11
o Establish Enterprise Zones	12
o Raise Tax-Free Mass Transit Benefits	14
o Repeal Tax on Purchases of Certain Boats and Airplanes	15
o Permanent Research and Experimentation Tax Credit	16
o Passive Loss Rules for Active Real Estate Developers	18
o Facilitate Greater Pension Fund Investment in Real Estate	20
o Help First-time Homebuyers	21
o Permit Deductibility of Losses on Sale of Personal Residences	22
o Mortgage Revenue Bonds	23
o Low-Income Housing Tax Credit	24
o Family Tax Allowance	25
o Flexible Individual Retirement Accounts (FIRA's)	26
o Permit Deduction of Interest on Student Loans	27
o Extend Unemployment Benefits	28
o Deduction for Special-Needs Adoptions	29
o Small Issue Bonds for First-Time Farmers	30

INVESTMENT TAX ALLOWANCE (ITA)

The proposal would provide firms an additional first year depreciation equal to 15 percent of the purchase price of newly acquired equipment. This additional depreciation would be allowed for both regular and alternative minimum tax purposes. The property must be acquired on or after February 1, 1992 and before January 1, 1993, and placed in service before July 1, 1993.

Provide Immediate Stimulus for Job-Creating Investment

- The proposal would provide investment incentives by increasing cash flow and by lowering the net cost of capital invested in 1992 for businesses purchasing newly acquired equipment. This would provide a short-term boost to the sluggish recovery, while at the same time raising long-run productivity.
- To create jobs, businesses need to make investments in productive equipment, such as computer-aided design equipment, advanced machine tools, and telecommunications equipment.

Advantages of the ITA Over a Return to the Investment Tax Credit (ITC)

- The President selected the ITA because it benefits all taxpaying businesses, including firms that pay taxes under the Alternative Minimum Tax (AMT). The ITC disadvantages taxpayers subject to the AMT, because its use is limited to 25 percent of AMT liability.
- The ITA reduces effective tax rates by the same percentage for all eligible investment. A five percent ITC favors short-lived assets and has a much higher revenue loss to the Treasury.
- Unlike many ITC proposals, the ITA does not "target" certain forms of equipment and pick winners -- instead, it creates a level playing field for investments.

Improve Corporate Competitiveness

- Companies in the U.S. invest relatively less than their competitors in Germany and Japan. U.S. gross domestic investment as a percent of GNP is the lowest of the six major industrialized countries (Canada, France, Germany, Japan, the U.K., and the U.S.).
- The ITA, along with the reduction in capital gains tax rates and the changes in the Alternative Minimum Tax, will reduce the cost of capital faced by American companies, thereby making them more competitive.

THE WHITE HOUSE

Office of the Press Secretary

Embargoed for Release at
3:00 p.m. EST

May 12, 1992

FACT SHEET ON THE ADMINISTRATION'S PROGRAM
FOR REDUCING TAX COMPLIANCE BURDENS FOR SMALL EMPLOYERS

As part of the President's regulatory reform initiative, the Administration today announced several steps to reduce the administrative costs to small employers of complying with the tax laws.

Studies have concluded that the U.S. tax system imposes administrative costs on the private sector that are equal to a sizable percentage of the approximately \$1.2 trillion in taxes actually received by the Federal Government. These administrative costs are passed on to every American consumer in the form of higher prices. These costs also impede the creation of new jobs by forcing businesses -- particularly small businesses -- to spend inordinate sums on tax lawyers and accountants rather than on new, productive investments.

In response to the President's State-of-the-Union request for a comprehensive review of all federal regulations, the Department of the Treasury and the IRS launched a systematic search for ways to reduce these indirect costs. As a result of this review, the Administration today announced several steps to reduce the administrative burdens of the payroll tax system, as well as other indirect burdens currently borne by small businesses. Full implementation of these initiatives will spur economic growth and help create new jobs for American workers.

1. Reduce the Costs of the Payroll Tax System. When fully implemented, the following steps will reduce by several billion dollars a year the administrative costs to more than 5 million employers who must report employment taxes.

o Simplified Payroll Tax Deposit System. Presently, many employers must make payroll tax deposits as often as twice a week, usually on different days of the week. If an employer's payroll varies significantly from payday to payday, the deposit requirements may change substantially within the same quarter. These requirements cause confusion, add complexity, and create unnecessary burdens for taxpayers.

The Administration has previously supported payroll tax reform legislation that would have reduced these burdens. Unfortunately, this legislation was attached to the broader tax bill which the Democratic leadership pushed through Congress in March, and which the President vetoed because it would have increased taxes. Fortunately, the President has sufficient authority under existing statutes to accomplish many of the objectives of the Administration-supported payroll tax reforms. Accordingly, the Administration announced today the publication of proposed IRS regulations that will simplify existing payroll tax requirements and thereby make compliance considerably easier.

-- Under the proposed regulations, large employers can deposit payroll taxes on a fixed day of the week -- Tuesday or Friday depending on the payroll date. Smaller employers will make payroll tax deposits monthly. As many as 75% of all employers will be able to use this "once-a-month" rule.

-- These simplifications will substantially reduce the costs to employers -- particularly small employers -- of complying with payroll tax regulations. In addition, these changes are expected to reduce the number of payroll tax penalties by more than 20%.

o Form 941EZ. The IRS also announced that it is developing a simplified new form, Form 941EZ, for reporting federal employment taxes. The new form, which the IRS anticipates will be available by the first quarter of 1994, will eliminate information that is ordinarily relevant only to large businesses.

-- The new form is expected to reduce substantially the compliance burdens of more than 3.5 million small employers.

-- The development of Form 941EZ follows on the heels of other IRS initiatives designed to provide simplified forms to small businesses. In 1990, for example, the IRS introduced Form 940EZ, a simplified version of the form for reporting Federal Unemployment Taxes. This new form is now used by approximately 700,000 small employers at an estimated annual savings of up to 10 million taxpayer hours.

o Electronic Deposit of Payroll Taxes. Last year, employers filed over 80 million paper coupons to accompany federal payroll tax deposits of almost \$850 billion. The IRS has been testing a program to replace the paper coupons with a system that will permit employers to make payroll tax payments electronically, without leaving their offices. The

IRS today announced that this experimental, voluntary program will be available in early June to employers in South Carolina, Florida, and Atlanta, Georgia.

- o On-Line Tax Identification Number Matching. The IRS plans this fall to establish a call-in site to allow employers to verify employees' tax identification numbers (TINs) electronically. The IRS anticipates that this program will be made available to all employers in 1993.
- o Single Wage Reporting. Traditionally, an employer must file employment tax forms for each employee with the IRS and the Social Security Administration as well as state and local tax agencies. The IRS, the Social Security Administration, and the Department of Labor recently agreed to joint development of a new Single Wage Reporting System. This system would do away with the duplicate filing of Form W-2 and other payroll tax information.
 - The new system would require only one filing, thereby saving substantial administrative costs.
 - The federal agencies will work closely with state organizations in refining and implementing this system.

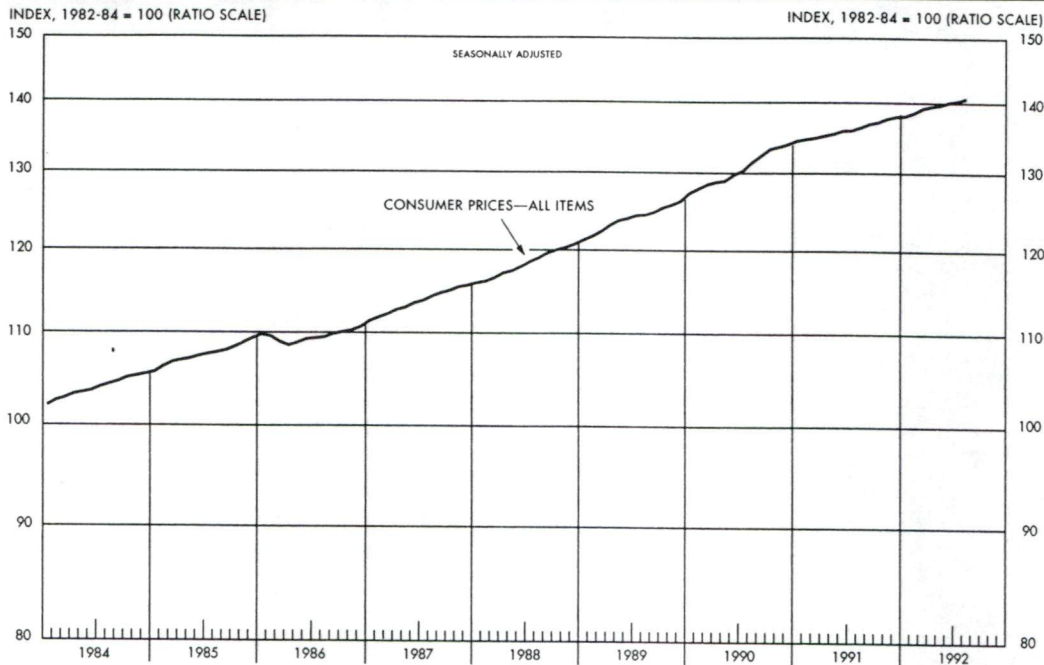
2. Reduce Other Tax-Related Burdens. The Administration announced the following measures to reduce other tax-related burdens on small businesses:

- o Deductibility of Tax Preparation Fees. On April 1, 1992, the IRS released a ruling allowing more than 16 million sole proprietors (including farmers) to deduct business-related tax preparation fees as a business expense rather than as a limited itemized deduction.
- o Joint Federal-State Filing. The IRS is working with states on a pilot program for the joint electronic filing of federal and state tax returns. In 1992, the IRS implemented this program on a state-wide basis in South Carolina and on a more limited basis in 6 other states. The IRS expects to add additional states during the coming year.
- o Educational Initiatives for Small Businesses. In the past year, the IRS has informally contacted over 150,000 small businesses that were having difficulty complying with federal tax deposit requirements. It is now working with these taxpayers -- outside the formal audit/enforcement context -- to address compliance concerns. In addition, during Fiscal Year 1991, the IRS conducted over 2400 Small Business Tax Education Workshops and seminars for over 80,000 executives. The IRS plans to continue these efforts during the coming year.

1, 2 From "Economic Indicators" by CEA

CONSUMER PRICES—ALL URBAN CONSUMERS

In August, the consumer price index for all urban consumers rose 0.3 percent, seasonally adjusted and not seasonally adjusted. The index was 3.1 percent above its year-earlier level.



SEE NOTE ON TABLE BELOW
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

[1982-84=100, except as noted; monthly data seasonally adjusted, except as noted]

Period	All items ¹		Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy ²	All items less food and energy
	Not seasonally adjusted (NSA)	Seasonally adjusted		Total ¹	Shelter				Fuel and other utilities		Total ¹	New cars	Motor fuel			
					Total	Renters' costs (Dec. 1982=100)	Homeowners' costs (Dec. 1982=100)	Maintenance and repairs (NSA)								
Rel. imp. ³	100.0		16.0	41.5	27.9	8.0	19.7	0.2	7.3	6.1	17.0	4.1	3.3	6.7	7.4	76.6
1982.....	96.5		97.4	96.9	96.9			96.4	94.9	97.8	97.0	97.4	102.8	92.5	99.2	95.8
1983.....	99.6		99.4	99.5	99.1	103.0	102.5	99.9	100.2	100.2	99.3	99.9	99.4	100.6	99.9	99.6
1984.....	103.9		103.2	103.6	104.0	108.6	107.3	103.7	104.8	102.1	103.7	102.8	97.9	106.8	100.9	104.6
1985.....	107.6		105.6	107.7	109.8	115.4	113.1	106.5	106.5	105.0	106.4	106.1	98.7	113.5	101.6	109.1
1986.....	109.6		109.0	110.9	115.8	121.9	119.4	107.9	104.1	105.9	102.3	110.6	77.1	122.0	88.2	113.5
1987.....	113.6		113.5	114.2	121.3	128.1	124.8	111.8	103.0	110.6	105.4	114.6	80.2	130.1	88.6	118.2
1988.....	118.3		118.2	118.5	127.1	133.6	131.1	114.7	104.4	115.4	108.7	116.9	80.9	138.6	89.3	123.4
1989.....	124.0		125.1	123.0	132.8	138.9	137.3	118.0	107.8	118.6	114.1	119.2	88.5	149.3	94.3	129.0
1990.....	130.7		132.4	128.5	140.0	146.7	144.6	122.2	111.6	124.1	120.5	121.0	101.2	162.8	102.1	135.5
1991.....	136.2		136.3	133.6	146.3	155.6	150.2	126.3	115.3	128.7	123.8	125.3	99.4	177.0	102.5	142.1
1991:																
Aug.....	136.6	136.6	136.3	133.8	146.4	155.2	150.5	127.2	115.3	129.2	124.2	125.9	98.0	178.9	101.2	143.0
Sept.....	137.2	137.1	136.5	134.2	146.9	155.8	151.1	126.8	115.7	130.0	124.2	126.3	97.9	180.0	101.4	143.6
Oct.....	137.4	137.4	136.4	134.6	147.4	156.3	151.6	126.6	116.2	130.3	124.0	126.2	97.3	181.1	101.4	143.9
Nov.....	137.8	137.9	137.0	135.0	147.9	156.6	152.1	127.6	116.8	131.1	124.5	126.3	98.2	182.0	102.2	144.4
Dec.....	137.9	138.2	137.4	135.4	148.4	157.3	152.7	128.1	116.8	129.6	124.8	126.5	98.5	183.3	102.3	144.7
1992:																
Jan.....	138.1	138.3	136.8	135.7	149.1	158.4	153.2	128.0	116.4	130.0	124.4	126.6	96.3	184.5	100.8	145.1
Feb.....	138.6	138.7	137.2	136.0	149.5	158.9	153.6	128.3	115.9	131.9	124.2	126.7	95.7	186.0	99.9	145.7
Mar.....	139.3	139.4	137.9	136.5	150.0	158.5	154.5	128.4	116.4	132.7	125.1	127.2	96.6	187.0	100.5	146.4
Apr.....	139.5	139.7	137.8	136.7	150.2	158.9	154.6	128.0	116.9	131.8	125.7	127.8	96.8	188.0	100.9	146.8
May.....	139.7	139.9	137.3	136.9	150.4	159.5	154.7	128.1	117.1	132.3	126.1	128.0	97.9	189.0	101.5	147.1
June.....	140.2	140.3	137.5	137.5	151.1	160.4	155.3	128.5	117.5	132.0	126.7	128.5	101.0	189.8	103.5	147.4
July.....	140.5	140.5	137.3	137.6	151.1	160.2	155.5	128.8	117.9	131.8	127.3	128.6	101.7	190.8	103.8	147.7
Aug.....	140.9	140.9	138.5	137.8	151.4	160.5	155.7	128.1	118.5	131.8	127.2	129.1	100.4	191.6	103.6	148.0

¹ Includes items not shown separately.
² Household fuels—gas (piped), electricity, fuel oil, etc.—and motor fuel. Motor oil, coolant, etc. also included through 1982.
³ Relative importance, December 1991.

NOTE.—Data beginning 1983 incorporate a rental equivalence measure for homeownership costs and therefore are not strictly comparable with figures for earlier periods.
Data beginning 1987 and 1988 calculated on a revised basis.
Source: Department of Labor, Bureau of Labor Statistics.

Our economy has been working through four adjustments. They establish the context for my agenda.

First, during the 1980s, we enjoyed the longest peacetime expansion in U.S. history, lasting seven and a half years. Through these years of strong growth, we

created 19 million jobs, more than all the new jobs in the other major industrial countries and the rest of western Europe combined. Yet the boom that wiped away

the dismal economic performance of the late 70's led too many companies, too many financial institutions, too many

? [government], and too many households to take on too much debt. -- all ready eager and willing, to take on more debt.

You and they have been paying down that debt [over the last three years] -- and lower interest rates have helped you do it. Millions of people have refinanced homes at lower rates, reducing mortgage payments by as much as \$1,500 to \$2,000 a year. (Check) (Companies have

1200-1500

Aug for all home sales

in US → Annual ~~cost~~ mortgage reduction of

\$1353

7 yrs 8 mos

1

2

3

4

5

110 078 Nov 82
88671 July 90
21407 mil.
82-90
21.310

over the last year
[I suggest eliminating the bracketed words]

restructured, paid down debt, and strengthened their balance sheets, positioning themselves to enjoy substantial profits when stronger growth resumes. This process will leave our economy leaner and more powerful; indeed many firms already are. But while that debt was being paid down, people bought fewer goods and companies put less money into new investments and jobs. The process is largely over, but it has left consumers and companies cautious.

6

Second, we entered the '80s with a banking system designed 50 years earlier; it was woefully out of place in an era when billions of dollars could be sent around the world in a matter of moments. To provide a basis of comparison, consider that the United States entered the

4,600
~~5,700~~

14,000

10
11
12

1980s with some 9,000 commercial banks and 3,500 savings and loans. Check. In comparison, Canada had

DELETE

Germany had, and Japan had. The vast majority of those small banks and S&Ls operated in a heavily controlled environment where their costs of funds were limited by ceilings on your passbook accounts. Other regulations restricted competition by imposing costs and inefficiencies on savers and borrowers.

In the late '70s, this out-of-date system was buffeted by record interest and inflation rates; it was challenged by competition from new financial services. As in any other line of business, the less efficient

Akira Furukawa
Japanese Embassy

VVD

institutions could not survive. But because our banks and S&Ls held insured deposit accounts for most hardworking Americans, the streamlining process had to be managed in a way that enabled the Government to protect savers.

This process, too, is nearing its end. It will leave us with a more competitive and efficient financial system that will serve companies and families better. Over the next few years, the United States Government will actually gain revenues from the sales of billions of dollars of assets that it acquired as it protected savers. But this process has left lenders cautious.

Business borrowing rates and mortgage rates are way down, but it's still too hard for small businesses to gain access to credit.

The third great change in our economy is ironically due to our very success in ending the Cold War. Since our superpower rival of the last half century has disappeared, we are now able to do something we have all hoped for since the close of World War II -- reduce significantly our defense budget.

In the medium and long run, reductions in defense spending will free up many new resources for our people and our economy. In the short run, this adjustment has meant cutbacks and lay-offs in many industries that have depended on defense spending.

The final economic change is perhaps the most profound of all: No nation is an island today. We are part of a global economy. To grow is to trade; to expand is to compete. One ~~job~~ out of every six in our economy depends directly on our exports; so does one acre out of every three planted by American farmers. Check.

CA

CA (14) (15)

MANUFACTURING JOBS

Dave Walker USTR 1998

Keith Collins USDA ERS 720-5955

This international economic influence has three implications. One, when growth ~~is slow~~ ^{slumps} abroad, ~~as it is~~ ^{it drags} today, our economy ~~is slowed, too.~~ ^{down with it} Two, it means that if America is going to be strong and growing in the 21st Century, we must be ~~ready and able~~ ^{prepared} to compete around the globe. Three, we need to seize opportunities to develop new markets, particularly in areas that have potential for significant growth in the future.

II. Start with Strengths

In developing a plan for the future, it is important that we ~~assess fairly~~ ^{take a clear eyed look at our weaknesses as well as} our strengths. ~~as well as the~~ ^{conveniently} problems. Not surprisingly, the other side has ~~skipped~~ over the United States' numerous strengths. Frankly, they want you to believe America is ~~in a state of~~ ^{over the hill & past her} decline. But they have no more right to convince you the economy is worse than it is for political advantage than I have to sugarcoat the problems. So we need to make at

least a brief survey of some of the foundation stones on which we will build.

Let's start with some of the key economic indicators:

- o Inflation has fallen to roughly 3%, the lowest in a quarter of a century (except for 1986). In fact, during my administration, inflation averaged less than half the inflation during the Carter years.

16 CA

17 CA

yes, if this means that new home mortgage rates are the lowest since 1973. I don't think there are equivalent statements however!

Interest rates are at a 20 year low. In particular, mortgage rates are now in the 8% range, half the rate President Reagan encountered in his first year. Thanks to these low rates, more people can afford to own a home today than in any time since 1973.

18 CA

19 CA

20 CA (see note)



- o While unemployment is still far too high, the share of the working age population with jobs during my administration has averaged 62.3%, the highest in U.S. history. Indeed, the average unemployment rate during my term has remained below the average of the Carter years and puts us well ahead of G-7 partners like Canada, Britain, France, and Italy -- where unemployment rates are 10% or higher.

21 CA (see note)

22 CA

23 CA

24 CA (see note)

I got 62.2% using 61.5% for 1997 (BLS)

64.5	'92
61.6	'91
62.7	'90
63.0	'89

Last # on Italy is 7.0%

12 ms A CPI + C.V.P.

- o The Misery Index -- the sum of inflation and unemployment -- is down to 10.4% today from 19.6% in 1980.

10.8% Through most recent data

25

- o The rise in United States GDP during our long expansion was \$1.1 trillion. This increase is greater than the total size of the German economy.

~~Fall in real terms~~ ^{DOE GAP, 7% budget} ~~16.7%~~

26
27

These macroeconomic statistics translate into real improvements for individuals, too:

- o Average family income reached \$42,652 in 1990, \$15,000 more than before the expansion began.

28

- o A recent study by the Urban Institute concluded: "When one follows individuals rather than statistical groups defined by income, one finds that, on average, the rich got a little richer and the poor got much richer." "This pattern, however, may be surprising to the general public which has been led to believe that the poor were literally getting poorer over the last decade or two, and that the

incomes of the rich were skyrocketing. That is simply not true."

1980's

JA

o Of the people making up the lowest fifth of the income distribution in the late 1970s, more than half moved out of the lowest fifth and up the income ladder over the next ten years. During the expansion, the middle class shrank because more of them moved above the \$50,000 threshold and into the high income groups -- they weren't moving down.

(29)

(30)

o Real per capita income rose 15.7% during the '80s. {Consider a substitute statistic}

(31)

o All major demographic groups shared in the economic growth. Between 1982 and 1991, employment of Blacks was up 29% and Hispanics 52%. The employment-to-population ratio for Black Americans during my tenure has averaged a record 55.7%, up significantly from 52.8% during the Carter years.

(32)

(33)

JA

o The United States has the highest home ownership rate of all major industrialized countries: More than 64% of households own

(66%)

homes.

(34)

(35)

News

United States
Department
of Labor



Bureau of Labor Statistics

Washington, D.C. 20212

Technical information:

Household data:

National (202) 606-6373
606-6378
State 606-6392
Establishment data 606-6555
Media contact: 606-5902

USDL 92-630

TRANSMISSION OF MATERIAL IN THIS
RELEASE IS EMBARGOED UNTIL
8:30 A.M. (EDT), FRIDAY,
OCTOBER 2, 1992

THE EMPLOYMENT SITUATION: **SEPTEMBER 1992**

Both employment and unemployment were about unchanged in September, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. At 7.5 percent in September, the unemployment rate was little different from the August figure but three-tenths of a percentage point below the June rate of 7.8 percent.

Nonfarm payroll jobs were little changed in September, after declining in the prior month. In the private sector, job gains in services were accompanied by further job losses in manufacturing and construction. Government employment fell at the local level, as many jobs funded through the special summer youth program came to an end.

Unemployment (Household Survey Data)

The **unemployment rate, 7.5 percent**, and the number of unemployed persons, 9.6 million, were little changed in September from the previous month, though both have edged down from June levels. Jobless rates for each of the major demographic groups showed little movement over the month. Rates in September were 7.1 percent for adult men, 6.3 percent for adult women, 20.4 percent for teenagers, 6.7 percent for whites, 13.7 percent for blacks, and 11.9 percent for Hispanics. (See tables A-1 and A-2.)

Both the number of job losers and long-term unemployed--two other key unemployment measures--were also little changed in September. (See tables A-5 and A-6.)

Total Employment and the Labor Force (Household Survey Data)

Total employment held at 117.7 million in September, after seasonal adjustment. The employment-population ratio--the percentage of the working-age population that is employed--was 61.3 percent. This ratio has shown no clear movement for about a year. (See table A-1.)

The rapid labor force growth between last November and June ceased over the summer. At 127.3 million in September, the civilian labor force was little changed both over the month and from the June level. The labor force participation rate--the percentage of the working-age population that is either working or looking for work--was 66.3 percent in September, down 0.3 percentage point from its all-time high of 66.6 percent last reached in June and July. (See table A-1.)

Interest Rates, Stock Prices, and Mortgage Rates--October 1992
(Percent per annum, except as noted)

Period	Federal funds 1/	Dis- count rate FRB-NY 2/	Prime rate 2/	3-month			Corpo- rate Aaa bonds (Moody's)	U.S. Treasury constant maturities			High- grade muni- cipal bonds (S&P) 4/	Dow-Jones industrials			Volume NYSE (mill. shares)	Mortgage commit- ment rate (FHLMC) 5/
				Commer- cial paper 3/	CDs (sec- ondary mkt)	Treas. bills, (sec. mkt) 3/		3 year	10 year	30 year		Level	Point change	Percent change		
Oct 1	3.58	3.00	6.00	3.23	3.09	2.61	7.92	4.18	6.23	7.30		3254.37	-17.29	-0.53	203.7	
2	3.15	3.00	6.00	3.15	3.07	2.63	7.93	4.20	6.26	7.33		3200.61	-53.76	-1.65	187.4	
Week	3.41	3.00	6.00	3.24	3.10	2.69	7.93	4.26	6.32	7.34	6.27	3253.94				7.93
Oct 5	3.22	3.00	6.00	3.15	3.03	2.64	7.88	4.18	6.24	7.34		3179.00	-21.61	-0.68	284.3	
6	3.06	3.00	6.00	3.14	3.04	2.73		4.24	6.30	7.41		3178.19	-0.81	-0.03	197.0	
7																
8																
9																
Week																
Oct 12																
13																
14 /6																
15																
16																
Week																
Oct 19																
20																
21																
22																
23																
Week																
Oct 26																
27																
28 /6																
29																
30																

1/Weekly data are for 7-day week ended Wednesday. 2/Weekly data are for end of week. 3/Bank-discount basis. 4/Data are for Wednesday. 5/Commitment rate on 80 percent, 30-year, fixed rate conventional mortgages on new and used homes. 6/End of reserve settlement period.

(M)

CEA WORKSHEET

Economic REPORT OF THE PRESIDENT 3

TABLE B-69.—Bond yields and interest rates, 1929-91
(Percent per annum)

Year and month	U.S. Treasury securities		Corporate bonds (Moody's)		High-grade municipal bonds (Standard & Poor's)	New-home mortgage yields ⁵	Commercial paper, 6 months ⁴	Prime rate charged by banks ³	Discount rate, Federal Reserve Bank of New York ⁵	Federal funds rate
	Bills (new issues) ¹	Constant maturities ²	Aaa	Baa						
1929	0.515		4.73	5.90	4.27		5.85	5.50-6.00	5.16	
1933	.023		4.49	7.76	4.71		1.73	1.50-4.00	2.56	
1939			3.01	4.96	2.76		.59	1.50	1.00	
1940	.014		2.84	4.75	2.50		.56	1.50	1.00	
1941	1.03		2.77	4.33	2.10		.53	1.50	1.00	
1942	.326		2.83	4.28	2.36		.66	1.50	1.00	
1943	.373		2.73	3.91	2.06		.69	1.50	1.00	
1944	.375		2.72	3.61	1.86		.73	1.50	1.00	
1945	.375		2.62	3.29	1.67		.75	1.50	1.00	
1946	.375		2.53	3.05	1.64		.81	1.50	1.00	
1947	.594		2.53	3.24	2.01		1.03	1.50-1.75	1.00	
1948	1.040		2.61	3.47	2.40		1.44	1.75-2.00	1.34	
1949	1.102		2.82	3.42	2.21		1.49	2.00	1.50	
1950	1.218		2.62	3.24	1.98		1.45	2.00	1.59	
1951	1.322		2.88	3.43	2.00		2.16	2.00	1.72	
1952	1.326		2.96	3.52	2.19		2.33	3.00	1.73	
1953	1.321		2.47	3.26	2.12		2.32	3.00	1.69	
1954	1.331		2.63	3.40	2.42		2.32	3.00	1.60	
1955	1.353		2.40	3.30	2.33		2.38	3.00	1.60	
1956	1.463		2.19	3.38	2.33		3.19	3.00	1.99	
1957	2.683		3.18	3.36	2.83		3.21	4.00	2.77	
1958	3.420		3.39	3.99	3.06		3.21	4.70	2.71	
1959	1.4839		3.32	4.71	3.50		2.46	3.33	2.12	
1959	1.403	3.832	4.46	5.03	3.95		5.97	4.48	3.36	
1960	2.928	3.247	3.98	4.12	3.73		3.85	4.82	3.53	
1961	2.378	2.605	3.54	3.88	3.46		2.97	4.50	3.00	
1962	2.778	2.908	3.47	3.95	3.18		3.26	4.50	3.00	
1963	3.157	3.233	3.67	4.26	3.23	5.89	3.55	4.50	3.00	
1964	3.549	3.686	4.03	4.40	3.33	5.83	3.97	4.50	3.55	
1965	4.055	4.22	4.28	4.49	3.27	5.81	4.38	4.54	4.04	
1966	4.881	5.082	4.87	4.87	3.82	6.25	5.55	5.61	4.19	
1967	4.321	4.630	5.03	5.07	3.98	6.45	5.10	6.30	4.22	
1968	5.339	5.470	5.68	6.23	4.51	6.97	5.90	6.90	5.66	
1969	6.677	6.833	7.02	6.67	5.81	7.81	7.83	7.96	5.87	
1970	6.458	6.562	7.29	7.35	6.51	8.45	7.71	7.91	5.95	
1971	4.348	4.511	5.65	6.16	5.70	7.74	5.11	7.91	4.88	
1972	4.071	4.466	5.72	6.21	5.27	7.60	4.73	5.25	4.50	
1973	7.041	7.178	6.95	6.84	8.24	5.18	8.15	5.25	4.88	
1974	7.886	7.926	7.82	7.56	9.50	6.09	8.92	10.81	6.44	
1975	5.838	6.122	7.49	7.99	8.83	9.50	9.84	7.66	7.83	
1976	4.989	5.266	6.77	7.61	10.61	6.89	9.00	6.25	6.25	
1977	5.265	5.510	6.77	7.42	8.02	9.75	5.34	6.64	5.50	
1978	7.221	7.572	8.29	7.42	8.02	9.56	5.61	6.83	5.46	
1979	10.041	10.017	9.71	9.44	8.73	9.49	7.99	9.06	7.46	
1980	11.506	11.374	11.55	11.46	11.94	10.91	10.91	12.67	10.28	
1981	14.029	13.776	14.44	13.91	13.67	8.51	13.29	15.27	11.77	
1982	10.686	11.084	12.92	13.00	14.17	11.23	14.72	18.87	13.42	
1983	8.638	8.875	10.45	11.10	13.55	11.57	15.10	18.86	11.02	
1984	9.58	9.80	11.89	12.44	14.19	10.47	14.89	17.39	11.02	
1985	9.58	9.80	11.89	12.44	14.19	10.47	14.89	17.39	11.02	
1986	7.04	7.13	8.41	9.19	10.05	10.89	7.62	9.50-9.50	7.50-7.50	8.14
1987	7.03	7.08	8.10	8.70	9.67	10.68	7.54	9.50-9.50	7.50-7.50	7.85
1988	6.39	6.60	7.30	7.78	9.00	10.50	7.08	9.50-9.00	7.50-7.00	7.48
1989	6.06	6.07	6.85	7.30	8.79	10.27	6.47	9.00-8.50	7.00-6.50	6.99
1990	6.12	6.18	7.27	7.71	9.09	10.29	6.53	8.50-8.50	6.50-6.50	6.85
1991	6.21	6.28	7.41	7.80	9.13	10.15	6.63	8.50-8.00	6.50-6.00	6.92
1992	6.24	6.38	7.50	7.98	9.18	10.26	6.24	8.00-7.50	6.00-3.50	6.17
1993	6.49	6.49	6.86	7.12	8.98	10.30	6.83	8.00-7.50	6.50-3.50	6.35
1994	6.54	6.54	6.82	7.43	8.89	10.17	6.61	7.50-7.50	6.50-3.50	6.82
1995	6.36	6.36	6.62	7.43	8.89	10.02	6.61	7.50-7.50	6.50-3.50	6.83
1996	6.19	6.19	6.43	7.23	8.68	9.91	6.69	7.50-7.50	6.50-3.50	6.84
1997	5.49	5.53	6.43	7.11	8.43	9.69	5.88	7.50-7.50	6.50-3.50	6.91
1998	5.49	5.53	6.43	7.11	8.43	9.69	5.88	7.50-7.50	6.50-3.50	6.91
1999	7.51	7.47	8.26	8.55	8.49	10.13	8.80	10.87	6.93	9.21
2000	7.51	7.47	8.26	8.55	8.49	10.13	8.80	10.87	6.93	9.21
2001	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2002	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2003	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2004	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2005	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2006	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2007	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2008	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2009	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2010	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2011	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2012	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2013	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2014	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2015	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2016	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2017	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2018	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2019	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10
2020	5.42	5.49	6.82	7.86	6.89	9.32	7.95	10.01	6.98	8.10

¹ Rate on new issues within period; bank-discount basis.
² Yields on the more actively traded issues adjusted to constant maturities by the Treasury Department.
³ Effective rate (in the primary market) on conventional mortgages, reflecting fees and charges as well as contract rate and assuming, on the average, repayment at end of 10 years. Rates beginning January 1973 not strictly comparable with prior rates. See next page for continuation of table.

⁴ Bank-discount rate for monthly period.
⁵ Since July 1981, these rates have been the rate at which the Fed lends to securities maturities.
 Sources: Depa Investors Service

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SCIENCE & ENGINEERING INDICATORS

1991
TENTH EDITION



NATIONAL SCIENCE BOARD

Appendix table 6-3.
Country share of global market for high-tech manufactures, by industry: 1980-90
(page 1 of 3)

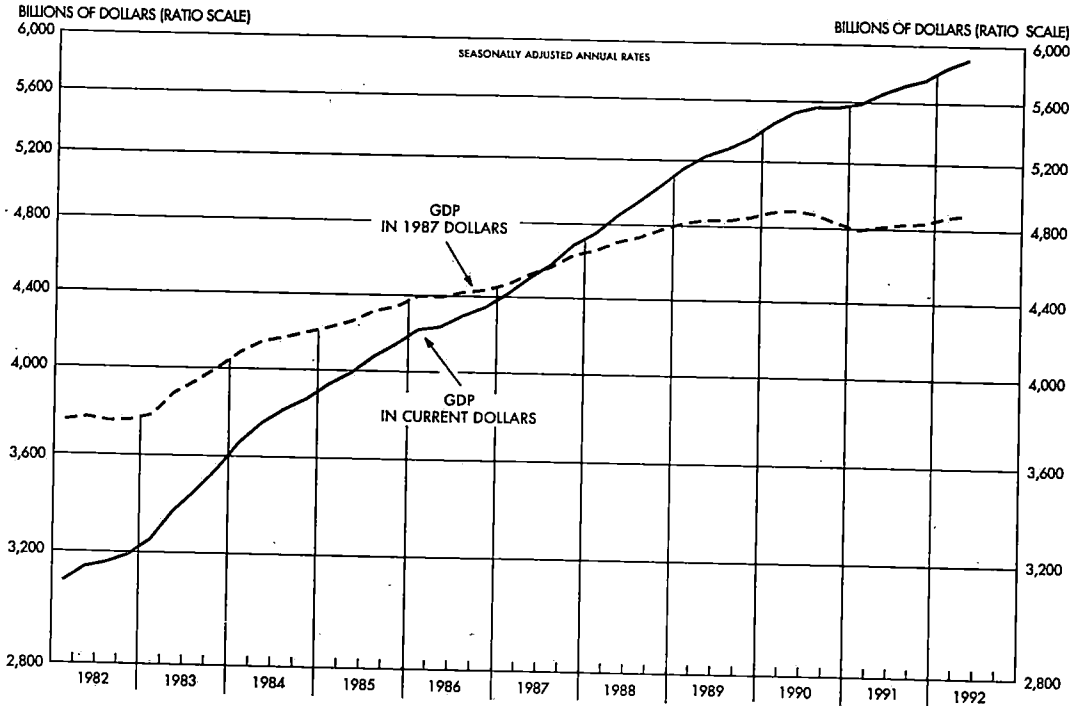
	1980	1981	1982	1983	1984	1985	1986	1987	1988 (est.)	1989 (est.)	1990 (est.)
HIGH-TECH MANUFACTURES											
United States	40.4	39.5	38.9	37.8	37.9	36.3	36.9	37.5	37.0	36.0	35.9
Japan	18.4	19.7	20.4	21.6	23.3	23.6	23.4	25.1	26.5	28.4	29.2
West Germany	11.8	11.7	11.8	11.8	11.3	12.0	11.5	10.5	10.1	9.5	9.4
France	6.2	6.1	6.1	5.8	5.3	5.4	5.2	4.9	4.7	4.7	4.7
United Kingdom	8.1	8.1	8.2	8.0	7.9	8.2	8.1	8.2	8.2	8.4	8.5
Italy	3.9	3.7	3.4	3.3	3.2	2.9	3.2	3.1	3.1	2.9	2.8
EC-12	35.2	34.8	34.6	34.7	33.4	34.3	33.7	32.0	31.5	30.0	29.2
Europe	38.5	38.1	38.0	38.0	36.4	37.5	37.1	35.1	34.4	32.4	31.4
Industrial chemicals											
United States	32.7	33.1	29.8	29.2	28.0	25.8	28.5	31.4	31.2	32.2	32.5
Japan	16.1	14.4	15.3	14.0	14.1	13.4	12.1	13.1	12.7	13.4	14.1
West Germany	16.2	16.9	17.9	19.1	19.5	20.4	20.4	18.5	18.7	18.8	18.4
France	5.0	5.2	5.8	5.5	5.1	5.3	5.3	4.9	5.0	5.1	4.8
United Kingdom	8.8	8.4	9.0	9.4	9.7	10.1	9.5	9.2	9.2	9.3	9.1
Italy	5.1	5.2	4.4	4.4	4.9	4.9	4.3	4.3	4.3	4.3	4.0
EC-12	43.0	44.3	45.8	48.1	49.8	52.0	49.9	46.5	47.2	45.9	44.3
Europe	47.9	49.1	51.2	53.3	54.8	57.6	56.0	52.2	52.8	51.3	50.4
Drugs and medicines											
United States	29.6	29.6	30.3	30.3	30.4	30.0	30.4	31.4	31.4	30.8	29.2
Japan	21.2	21.7	22.1	22.0	21.2	20.7	20.4	19.9	20.1	20.1	20.3
West Germany	13.1	13.1	12.5	12.5	12.7	12.3	12.1	11.4	11.5	11.4	10.9
France	5.6	5.3	4.7	4.4	4.3	4.0	3.8	3.6	3.8	4.0	3.9
United Kingdom	9.3	8.8	9.1	8.8	9.1	9.0	9.2	9.4	9.6	10.0	9.9
Italy	5.5	5.4	5.6	5.4	6.1	6.5	5.8	5.7	6.2	6.3	6.2
EC-12	40.7	40.3	39.1	38.9	39.8	39.8	38.6	38.1	39.0	39.5	39.0
Europe	46.0	45.6	44.6	44.6	45.4	45.9	45.7	45.0	45.7	46.3	47.5
Engines and turbines											
United States	44.2	37.9	35.0	33.0	35.4	34.8	35.4	35.4	35.8	35.2	34.9
Japan	18.4	16.1	17.9	18.8	18.0	17.0	14.9	15.7	15.5	15.8	15.3
West Germany	11.3	9.9	9.0	9.4	10.3	11.2	10.9	11.2	10.7	10.8	11.6
France	6.8	6.1	5.6	5.7	5.9	5.3	4.9	5.1	4.9	4.7	4.9
United Kingdom	6.8	18.3	20.5	18.3	17.1	19.7	21.9	20.9	21.4	22.6	22.3
Italy	4.2	3.7	3.1	4.9	5.5	3.4	3.2	3.1	3.0	2.9	3.0
EC-12	32.7	40.8	41.8	41.3	41.6	42.7	44.3	43.6	43.3	43.8	44.3
Europe	37.2	43.6	47.6	46.1	46.5	48.1	49.6	48.8	48.5	48.9	49.6

(continues)

TOTAL OUTPUT, INCOME, AND SPENDING

GROSS DOMESTIC PRODUCT

In the second quarter of 1992, according to revised estimates, current-dollar gross domestic product (GDP) rose 4.3 percent (annual rate) or \$62.0 billion. Real GDP (GDP in 1987 dollars) rose 1.5 percent and the implicit price deflator rose 2.7 percent.



SOURCE: DEPARTMENT OF COMMERCE

COUNCIL OF ECONOMIC ADVISERS

[Billions of current dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross domestic product	Personal consumption expenditures	Gross private domestic investment	Exports and imports of goods and services			Government purchases				Final sales of domestic product	Gross domestic purchases ¹	Addendum: Gross national product	
				Net exports	Exports	Imports	Total	Federal						State and local
								Total	National defense	Non-defense				
1982	3,149.6	2,059.2	503.4	-20.6	282.6	303.2	607.6	266.6	193.8	72.7	341.1	3,165.5	3,170.2	3,179.8
1983	3,405.0	2,257.5	546.7	-51.4	276.7	328.1	652.3	292.0	214.4	77.5	360.3	3,410.6	3,456.5	3,434.4
1984	3,777.2	2,460.3	718.9	-102.7	302.4	405.1	700.8	310.9	233.1	77.8	389.9	3,706.1	3,879.9	3,801.5
1985	4,038.7	2,667.4	714.5	-115.6	302.1	417.6	772.3	344.3	258.6	85.7	428.1	4,014.1	4,154.3	4,053.6
1986	4,288.6	2,850.6	717.6	-132.5	319.2	451.7	835.0	367.8	276.7	91.1	465.3	4,260.0	4,401.2	4,277.7
1987	4,539.9	3,052.2	749.3	-143.1	364.0	507.1	881.5	384.9	292.1	92.9	496.6	4,513.7	4,683.0	4,544.5
1988	4,900.4	3,296.1	793.6	-108.0	444.2	552.2	918.7	387.0	295.6	91.4	591.7	4,884.2	5,008.4	4,908.2
1989	5,250.8	3,523.1	832.3	-79.7	508.0	587.7	975.2	401.6	299.9	101.7	573.6	5,217.5	5,330.5	5,268.8
1990	5,522.2	3,748.4	799.5	-68.9	557.0	625.9	1,043.2	426.4	314.0	112.4	616.8	5,515.9	5,591.1	5,542.9
1991	5,677.5	3,887.7	721.1	-21.8	598.2	620.0	1,090.5	447.3	323.8	123.6	643.2	5,687.7	5,699.3	5,694.9
1992: IV	3,195.1	2,128.7	464.2	-29.5	265.6	295.1	631.6	281.4	205.5	75.9	350.3	3,241.4	3,224.6	3,222.6
1993: IV	3,547.3	2,346.8	614.8	-71.8	286.2	358.0	657.6	289.7	222.8	66.9	387.9	3,527.1	3,619.1	3,578.4
1984: IV	3,869.1	2,526.4	722.8	-107.1	308.7	415.7	727.0	324.7	242.9	81.9	402.2	3,818.1	3,976.2	3,890.2
1985: IV	4,140.5	2,739.8	737.0	-135.5	304.7	440.2	799.2	356.9	268.6	88.3	442.4	4,107.9	4,276.0	4,156.2
1986: IV	4,396.6	2,923.1	697.1	-139.2	333.9	467.1	849.7	373.1	278.6	94.5	476.6	4,355.4	4,469.8	4,340.5
1987: IV	4,683.0	3,124.6	800.2	-143.2	392.4	535.6	901.4	392.5	295.8	96.7	509.0	4,623.7	4,826.2	4,690.5
1988: IV	5,044.6	3,398.2	814.8	-106.0	467.0	573.1	937.6	392.0	296.8	95.2	545.7	5,027.3	5,150.7	5,054.3
1989: IV	5,344.8	3,599.1	825.2	-73.9	523.8	597.7	994.5	405.1	302.5	102.6	589.3	5,314.6	5,418.7	5,365.0
1990: I	5,445.2	3,672.4	820.3	-72.1	541.2	613.3	1,024.7	420.3	311.6	108.7	604.3	5,437.1	5,517.4	5,464.1
1990: II	5,522.6	3,715.3	833.0	-59.9	551.2	611.2	1,034.3	424.4	312.9	111.5	610.0	5,484.9	5,582.6	5,537.0
1990: III	5,559.6	3,787.8	805.7	-76.3	555.9	632.2	1,042.4	422.6	308.4	114.3	619.7	5,549.2	5,635.9	5,577.8
1990: IV	5,561.3	3,818.2	739.0	-67.2	579.7	646.9	1,071.3	438.3	323.2	115.0	633.0	5,592.3	5,628.5	5,592.7
1991: I	5,585.8	3,821.7	705.4	-28.7	573.2	602.0	1,087.5	451.3	332.4	118.8	636.3	5,614.4	5,614.6	5,614.9
1991: II	5,657.6	3,871.9	710.2	-15.3	594.3	609.6	1,090.8	449.9	325.9	124.0	640.8	5,679.4	5,672.9	5,674.3
1991: III	5,713.1	3,914.2	732.8	-27.1	602.3	629.5	1,093.3	447.2	321.9	125.3	646.0	5,712.9	5,740.3	5,726.4
1991: IV	5,753.3	3,942.9	736.1	-16.0	622.9	638.9	1,090.3	440.8	314.7	126.1	649.5	5,744.2	5,769.3	5,764.1
1992: I	5,840.2	4,022.8	722.4	-8.1	628.1	636.2	1,103.1	445.0	313.6	131.4	658.0	5,855.9	5,848.3	5,859.8
1992: II	5,902.2	4,057.1	773.2	-37.1	625.4	662.5	1,109.1	444.8	311.7	133.1	664.8	5,894.1	5,939.4	5,909.3

¹ GDP less exports of goods and services plus imports of goods and services.

Source: Department of Commerce, Bureau of Economic Analysis.

ECONOMIC REPORT OF THE PRESIDENT

6

NATIONAL INCOME OR EXPENDITURE

TABLE B-1.—Gross domestic product, 1959-91

[Billions of dollars, except as noted; quarterly data at seasonally adjusted annual rates]

Year or quarter	Gross domestic product	Personal consumption expenditures				Gross private domestic investment						Change in business inventories
		Total	Durable goods	Non-durable goods	Services	Total	Fixed investment					
							Total	Nonresidential		Residential		
								Total	Structures		Producers' durable equipment	
1959.....	494.2	318.1	42.8	148.5	126.8	78.8	74.6	46.5	18.1	28.3	28.1	4.2
1960.....	513.4	332.4	43.5	153.1	135.9	78.7	75.5	49.2	19.6	29.7	26.3	3.2
1961.....	531.8	343.5	41.9	157.4	144.1	77.9	75.0	48.6	19.7	28.9	26.4	2.9
1962.....	571.6	364.4	47.0	163.8	153.6	87.9	81.8	52.8	20.8	32.1	29.0	6.1
1963.....	603.1	384.2	51.8	169.4	163.1	93.4	87.7	55.6	21.2	34.4	32.1	5.7
1964.....	648.0	412.5	56.8	179.7	175.9	101.7	96.7	62.4	23.7	38.7	34.3	5.0
1965.....	702.7	444.6	63.5	191.9	189.2	118.0	108.3	74.1	28.3	45.8	34.2	9.7
1966.....	769.8	481.6	68.5	208.5	204.6	130.4	116.7	84.4	31.3	53.0	32.3	13.8
1967.....	814.3	509.3	70.6	216.9	221.7	128.0	117.6	85.2	31.5	53.7	32.4	10.5
1968.....	889.3	559.1	81.0	235.0	243.1	139.9	130.8	92.1	33.6	58.5	38.7	9.1
1969.....	959.5	603.7	86.2	252.2	265.3	155.2	145.5	102.9	37.7	65.2	42.6	9.7
1970.....	1,010.7	646.5	85.3	270.4	290.8	150.3	148.1	106.7	40.3	66.4	41.4	2.3
1971.....	1,097.2	700.3	97.2	283.3	319.8	175.5	167.5	111.7	42.7	69.1	55.8	8.0
1972.....	1,207.0	767.8	110.7	305.2	351.9	205.6	195.7	126.1	47.2	78.9	69.7	9.9
1973.....	1,349.6	848.1	124.1	339.6	384.5	243.1	225.4	150.0	55.0	95.1	75.3	17.7
1974.....	1,458.6	927.7	123.0	380.8	423.9	245.8	231.5	165.6	61.2	104.3	66.0	14.3
1975.....	1,585.9	1,024.9	134.3	416.0	474.5	226.0	231.7	169.0	61.4	107.6	62.7	-5.7
1976.....	1,768.4	1,143.1	160.0	451.8	531.2	286.4	269.6	187.2	65.9	121.2	82.5	16.7
1977.....	1,974.1	1,271.5	182.6	490.4	598.4	358.3	333.5	223.2	74.6	148.7	110.3	24.7
1978.....	2,232.7	1,421.2	202.3	541.5	677.4	434.0	406.1	274.5	93.9	180.6	131.6	27.9
1979.....	2,488.6	1,583.7	214.2	613.3	756.2	480.2	467.5	326.4	118.4	208.1	141.0	12.8
1980.....	2,708.0	1,748.1	212.5	682.9	852.7	467.6	477.1	353.8	137.5	216.4	123.3	-9.5
1981.....	3,030.6	1,926.2	228.5	744.2	953.5	558.0	532.5	410.0	169.1	240.9	122.5	25.4
1982.....	3,149.6	2,059.2	236.5	772.3	1,050.4	503.4	519.3	413.7	178.8	234.9	105.7	-15.9
1983.....	3,405.0	2,257.5	275.0	817.8	1,164.7	546.7	552.2	400.2	153.1	247.1	152.0	-5.5
1984.....	3,777.2	2,460.3	317.9	873.0	1,269.4	718.9	647.8	468.9	175.6	293.3	178.9	71.1
1985.....	4,038.7	2,667.4	352.9	919.4	1,395.1	714.5	689.9	504.0	193.4	310.6	185.9	24.6
1986.....	4,268.6	2,850.6	389.6	952.2	1,508.8	717.6	709.0	492.4	174.0	318.4	216.6	8.6
1987.....	4,539.9	3,052.2	403.7	1,011.1	1,637.4	749.3	723.0	497.8	171.3	326.5	225.2	26.3
1988.....	4,900.4	3,296.1	437.1	1,073.8	1,785.2	793.6	777.4	545.4	182.0	363.4	232.0	16.2
1989.....	5,244.0	3,517.9	459.8	1,146.9	1,911.2	837.6	801.6	570.7	193.1	377.6	230.9	36.0
1990.....	5,513.8	3,742.6	465.9	1,217.7	2,059.0	802.6	802.7	587.0	198.7	388.3	215.7	0
1991 P.....	5,671.8	3,886.8	445.2	1,251.0	2,190.5	725.3	745.6	550.4	174.5	376.0	195.1	-20.2
1982: IV.....	3,195.1	2,128.7	246.9	787.3	1,094.6	464.2	510.5	397.7	168.9	228.8	112.8	-46.3
1983: IV.....	3,547.3	2,346.8	297.7	839.8	1,209.3	614.8	594.6	426.9	154.6	272.3	167.7	20.2
1984: IV.....	3,869.1	2,526.4	328.2	887.8	1,310.4	722.8	671.8	491.5	184.1	307.3	180.4	51.0
1985: IV.....	4,140.5	2,739.8	354.4	939.5	1,446.0	737.0	704.4	511.3	195.4	315.9	193.1	32.6
1986: IV.....	4,336.6	2,923.1	406.8	963.7	1,552.6	697.1	715.9	491.7	168.4	323.3	224.2	-18.8
1987: IV.....	4,683.0	3,124.6	408.8	1,029.4	1,686.4	800.2	740.9	514.3	180.0	334.3	226.5	59.3
1988: I.....	4,752.4	3,199.1	428.8	1,041.5	1,728.8	770.6	753.8	526.8	176.6	350.2	227.0	16.8
1988: II.....	4,857.2	3,260.5	433.1	1,062.0	1,765.4	788.4	774.6	544.1	181.4	362.6	230.5	13.8
1988: III.....	4,947.3	3,326.6	433.5	1,085.8	1,807.3	800.7	783.6	550.3	183.1	367.3	233.3	17.1
1988: IV.....	5,044.6	3,398.2	452.9	1,105.8	1,839.5	814.8	797.5	560.2	186.8	373.4	237.3	17.3
1989: I.....	5,139.9	3,436.5	449.4	1,120.0	1,867.1	844.7	801.6	565.1	191.1	374.0	236.5	43.2
1989: II.....	5,218.5	3,490.6	457.2	1,142.5	1,891.0	844.3	802.0	570.2	190.0	380.2	231.8	42.3
1989: III.....	5,277.3	3,551.7	474.5	1,155.3	1,921.9	826.8	803.5	574.2	194.9	379.3	229.2	23.3
1989: IV.....	5,340.4	3,592.8	458.0	1,169.8	1,965.0	834.4	799.4	573.4	196.5	376.8	226.0	35.1
1990: I.....	5,422.4	3,667.3	479.9	1,194.9	1,992.5	812.0	815.3	586.3	202.4	384.0	229.0	-3.3
1990: II.....	5,504.7	3,706.0	464.6	1,200.9	2,040.4	825.9	800.2	580.0	199.5	380.5	220.3	25.6
1990: III.....	5,570.5	3,785.2	467.1	1,228.4	2,089.6	821.8	807.7	596.3	201.7	394.7	211.4	14.1
1990: IV.....	5,557.5	3,812.0	451.9	1,246.4	2,113.6	750.9	787.4	585.2	191.2	394.0	202.2	-36.5
1991: I.....	5,589.0	3,827.7	440.7	1,246.3	2,140.7	709.3	748.4	560.0	184.0	375.9	188.4	-39.2
1991: II.....	5,652.6	3,868.5	440.0	1,252.9	2,175.6	708.8	745.8	554.6	180.0	374.7	191.2	-37.1
1991: III.....	5,709.2	3,916.4	452.9	1,257.4	2,206.1	740.9	744.5	546.8	169.0	377.8	197.7	-3.6
1991: IV P.....	5,736.6	3,934.4	447.2	1,247.6	2,239.6	742.3	743.4	540.3	164.8	375.6	203.1	-1.1

See next page for continuation of table.



*Directorate of
Intelligence*

Handbook of Economic Statistics, 1991

A Reference Aid

Research for this report was
completed on 1 August 1991.

*CPAS 91-10001
September 1991*

Figure 5
World Gross National Product
and Population, 1990

Percent

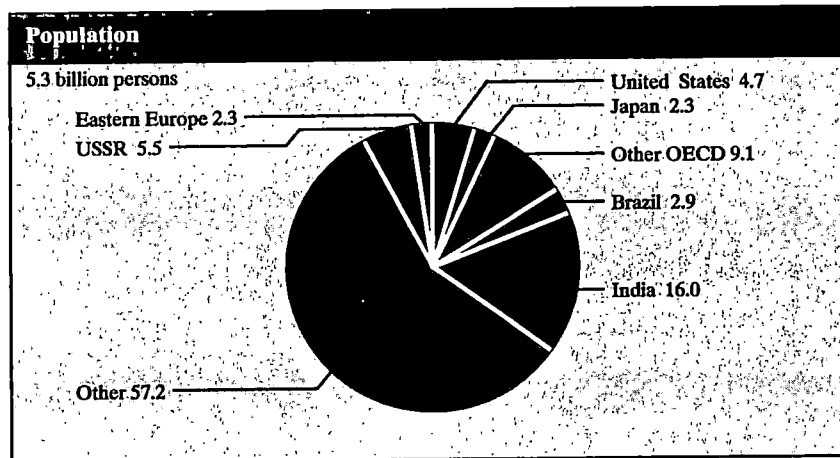
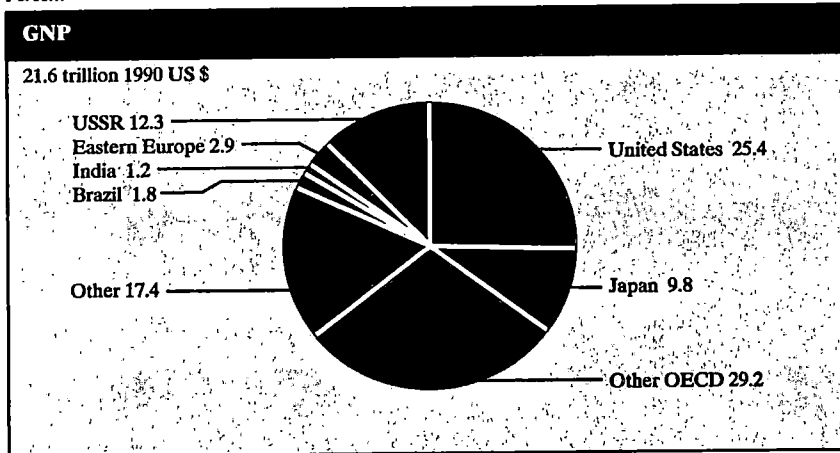


Table 1
Selected World Statistics ^a

	1960	1970	1980	1985	1986	1987	1988	1989	1990
Gross national product (<i>billion 1990 US \$</i>)	7,110.0	11,600.0	16,400.0	18,500.0	19,100.0	19,800.0	20,600.0	21,200.0	21,600.0
Population (<i>million persons, midyear</i>)	3,050.0	3,722.0	4,478.0	4,881.0	4,968.0	5,057.0	5,147.0	5,238.0	5,329.0
Agricultural production index (<i>1980=100</i>)	59.0	79.0	100.0	115.0	116.0	116.0	118.0	122.0	124.0
Exports (<i>billion US \$</i>)	129.8	313.1	1,997.8	1,906.9	1,989.1	2,480.3	2,822.8	3,020.5	3,381.8
Crude oil, excluding natural gas liquids (<i>million b/d</i>)	21.0	45.7	59.5	52.9	55.7	55.2	57.5	58.5	59.2
Natural gas (<i>trillion cubic feet</i>)	15.8	37.0	54.0	62.1	63.4	68.2	69.6	71.9	72.6
Hard coal (<i>million metric tons</i>)	1,985.0 ^b	2,141.0	2,728.0	3,160.0	3,250.0	3,335.0	3,454.0	3,474.0	3,562.0
Brown coal and lignite (<i>million metric tons</i>)	640.0	794.0	1,005.0	1,200.0	1,220.0	1,245.0	1,255.0	1,255.0	1,175.0
Electricity (<i>billion kilowatt-hours</i>)	2,348.0	4,953.0	8,247.0	9,750.0	9,960.0	10,587.0	11,035.0	11,427.0	11,179.0
Iron ore (<i>million metric tons</i>)	522.0	769.0	896.0	858.0	868.0	883.0	890.0	879.0	893.0
Bauxite (<i>million metric tons</i>)	27.6	57.8	88.8	89.9	88.2	91.9	98.4	105.7	112.2
Pig iron (<i>million metric tons</i>)	259.0	431.0	510.0	490.0	508.0	523.0	551.0	563.0	555.0
Crude steel (<i>million metric tons</i>)	346.0	594.0	714.0	698.0	713.0	734.0	777.0	782.0	732.0
Refined copper (<i>thousand metric tons</i>)	NA	7,543.0	8,916.0	9,860.0	9,602.0	9,833.0	10,332.0	10,727.0	10,696.0
Primary aluminum (<i>million metric tons</i>)	4.5	9.7	15.4	16.1	15.4	16.4	17.5	18.0	17.8
Smelter lead (<i>thousand metric tons</i>)	2,313.0	3,292.0	3,205.0	3,403.0	3,150.0	3,284.0	3,301.0	3,261.0	3,216.0
Refined zinc (<i>thousand metric tons</i>)	3,025.0	4,827.0	6,057.0	6,786.0	6,690.0	7,045.0	7,133.0	7,193.0	7,109.0
Primary tin (<i>thousand metric tons</i>)	192.0	227.0	248.0	217.0	182.0	189.0	215.0	231.0	227.0
Mineral fertilizer ^c (<i>million metric tons</i>)	NA	66.3	119.0	133.9	140.1	147.1	149.6	137.6	NA
Nitrogen fertilizer ^c (<i>million metric tons of N</i>)	NA	30.2	59.7	74.7	73.3	77.5	81.8	84.9	NA
Phosphate fertilizer ^c (<i>million metric tons of P₂O₅</i>)	NA	19.2	33.4	35.5	33.5	36.5	38.0	NA	NA
Potassium fertilizer ^c (<i>million metric tons of K₂O</i>)	NA	16.9	25.9	28.9	28.4	28.8	31.5	NA	NA
Synthetic fibers (<i>thousand metric tons</i>)	700.0	4,870.0	10,175.0	12,056.0	11,423.0	12,372.0	11,615.0	11,600.0	11,835.0
Automobiles (<i>thousand units</i>)	12,800.0	22,500.0	28,997.0	32,310.0	32,520.0	33,007.0	34,522.0	35,167.0	35,046.0
Cement (<i>million metric tons</i>)	NA	585.0	867.0	945.0	998.0	1,045.0	1,058.0	1,050.0	1,123.0
Grain (<i>million metric tons</i>)	929.0	1,220.0	1,580.0	1,803.0	1,822.0	1,755.0	1,726.0	1,853.0	NA
Wheat (<i>million metric tons</i>)	240.0	319.0	446.0	506.0	537.0	512.0	506.0	542.0	599.0
Coarse grain (<i>million metric tons</i>)	414.0	540.0	693.0	824.0	813.0	777.0	728.0	798.0	NA
Rice (<i>million metric tons</i>)	162.0	312.0	396.0	473.0	472.0	464.0	492.0	513.0	519.0
Potatoes (<i>million metric tons</i>)	285.0	312.0	264.0	284.0	290.0	283.0	274.0	279.0	278.0
Sugar (<i>million metric tons</i>)	61.4	76.7	87.7	105.1	101.3	101.8	103.7	104.5	NA
Coffee (<i>thousand metric tons</i>)	NA	3,566.0	4,810.0	5,800.0	5,151.0	6,351.0	5,684.0	6,021.0	6,040.0

Table 2
Selected OECD Countries: Economic Profile, 1990

	United States	Canada	Japan	European Community					
				France	Italy	Netherlands	United Kingdom	Germany	
								Eastern	Western
Aggregative data									
Population									
Million persons at midyear	250.4	26.5	123.6	56.4	57.7	14.9	57.4	16.1	63.0
Percent change	0.7	1.1	0.4	0.4	0.2	0.6	0.3	-1.9	1.4
Gross domestic product									
Billion 1990 US \$ ^a	5,465.2	516.7	2,115.2	873.6	844.7	218.0	858.3	141.1	1,016.1
Percent real growth	1.0	0.9	5.6	2.8	2.0	3.1	0.8	-15.0	4.6
Per capita (1990 US \$)	21,830	19,500	17,110	15,490	14,640	14,630	14,950	8,760	16,130
Industrial production (percent growth)	1.0	0.3	4.6	1.1	-0.7	3.6	-0.8	NA	5.9
Industry									
Primary energy (million b/d oil equivalent)	34.2	6.4	1.5	2.2	0.7 ^c	1.4	4.3	1.2	2.7
Electricity (billion kilowatt-hours)	2,997.4	480.7	808.0	400.0	217.0	71.9	317.0	119.0 ^b	440.0
Crude steel (million metric tons)	89.7	14.5	110.3	19.0	25.4	5.4	17.9	5.6	38.4
Trade									
Exports, f.o.b. (billion US \$)	393.9	131.7	287.6	216.6	170.4	131.8	185.2	NA	420.0 ^c
Imports, c.i.f. (billion US \$)	516.2	124.8	235.4	234.4	182.0	126.1	222.8	NA	354.8 ^c
Trade balance (billion US \$)	-122.3	6.8	52.2	-17.8	-11.6	5.7	-37.6	NA	65.2 ^c
Living standard indicators									
CO ₂ emissions (metric tons per capita) ^d	5.34	4.58	2.20	1.56	1.71	2.23	2.67	5.36	3.00
Automobile registrations (units per thousand persons) ^d	571	448	241	395	398	349	353	208	462
Energy consumption (barrels oil equivalent per capita) ^b	57	61	24	29	20	37	27	44	32
Consumer prices (percent growth)	5.4	4.8	3.1	3.4	6.1	1.6	9.5	NA	2.7
Life expectancy (years)	76	77	79	76	77	78	75	73	76
Public pollution control expenditure (US 1980 \$ per capita) ^e	80	126	126	74	12	117	65	NA	111

^a Data were converted at US purchasing power equivalents.

^b Data are for 1989.

^c Western area only.

^d Data are for 1988 for the US and 1987 for the other countries.

^e Data are for 1986.

Only

1/28/92

Comparative Real Gross Domestic Product, Real GDP
Per Capita, and Real GDP Per Employed Person
Fourteen Countries
1960-1990

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U.S. pop figs here are not the latest 1980 →

New set of figs due Thurs or Fri - will have new pop + new data for other than U.S.

Prepared by: U.S. Department of Labor, Bureau of Labor Statistics,
Office of Productivity and Technology, January 1992.

6/17/92 - these are the latest figures.

8/4/92 - NO NEW DATA YET

1/31 - No NEW FIGS TO BE AVAILABLE BUT CHF CORRECTED US GDP PER CAPITA

JAN 22 1992

-17-

RELATIVE LEVELS: PURCHASING-POWER-PARITY EXCHANGE RATES
 REAL GROSS DOMESTIC PRODUCT, REAL GDP PER CAPITA, AND REAL GDP PER EMPLOYED PERSON
 OUTPUT BASED ON OECD PRICE WEIGHTS
 (U.S. 1990 DOLLARS)

YEAR	UNITED STATES	CANADA	JAPAN	KOREA	AUSTRIA	BELGIUM	DENMARK	FRANCE	GERMANY
	<i>✓NIRA</i>								
	GROSS DOMESTIC PRODUCT PER CAPITA								
1960	12322	8753	3621	1182	5716	6173	7558	6617	7474
1961	12443	8846	4111	1215	5987	6458	7949	6909	7709
1962	12884	9296	4360	1206	6093	6770	8324	7239	7969
1963	13225	9599	4772	1280	6301	7015	8297	7492	8111
1964	13781	10048	5347	1367	6637	7436	8969	7899	8564
1965	14366	10518	5561	1410	6783	7634	9326	8201	8925
1966	15056	11024	6094	1542	7115	7826	9466	8557	9094
1967	15279	11145	6679	1595	7275	8088	9705	8889	9047
1968	15749	11559	7446	1735	7561	8399	10033	9203	9512
1969	16018	12004	8257	1932	8008	8935	10611	9767	10124
1970	15827	12144	8945	2055	8548	9479	10747	10235	10539
1971	16114	12682	9234	2213	8946	9791	10957	10624	10744
1972	16707	13265	9859	2293	9446	10270	11469	10998	11131
1973	17408	14132	10369	2575	9852	10843	11814	11504	11616
1974	17140	14542	10165	2751	10223	11253	11651	11784	11632
1975	16837	14701	10328	2909	10213	11055	11539	11698	11511
1976	17498	15406	10644	3241	10699	11652	12255	12146	12184
1977	18104	15771	11036	3539	11182	11694	12417	12481	12558
1978	18777	16321	11469	3865	11197	12005	12561	12844	12949
1979	19038	16789	12004	4088	11748	12252	12973	13203	13475
1980	18715	16829	12342	3903	12091	12768	12895	13349	13574
1981	18845	17232	12691	4127	12031	12650	12788	13431	13572
1982	18252	16514	13004	4295	12145	12830	13182	13698	13453
1983	18778	16897	13264	4695	12423	12883	13527	13730	13711
1984	19754	17825	13743	5074	12591	13144	14127	13855	14149
1985	20185	18536	14340	5372	12892	13251	14727	14059	14453
1986	20573	19009	14628	5983	13029	13462	15242	14355	14764
1987	21004	19574	15153	6640	13269	13768	15266	14615	14972
1988	21619	20204	16026	7332	13745	14376	15340	15157	15425
1989	21943	20545	16697	7708	14240	14875	15511	15675	15766
1990	21931	20449	17571	8303	14711	15313	15741	16046	16231

TABLE CONTINUED ON FOLLOWING PAGE.

GDP new pop
 5513.8
 251,420 =
 21,931

Table 8.2
 scb

22,056

4/11/92

U.S. using new pop
 18,718
 18,861
 18,279
 18,818
 19,808
 20,254
 20,655
 21,101
 21,731
 22,068
 22,056

1990: US/ger US 35.9% higher
jap US 25.5% higher

RELATIVE LEVELS: PURCHASING-POWER-PARITY EXCHANGE RATES
 REAL GROSS DOMESTIC PRODUCT, REAL GDP PER CAPITA, AND REAL GDP PER EMPLOYED PERSON
 OUTPUT BASED ON OECD PRICE WEIGHTS
 (U.S. 1990 DOLLARS)

JAN 22 1992

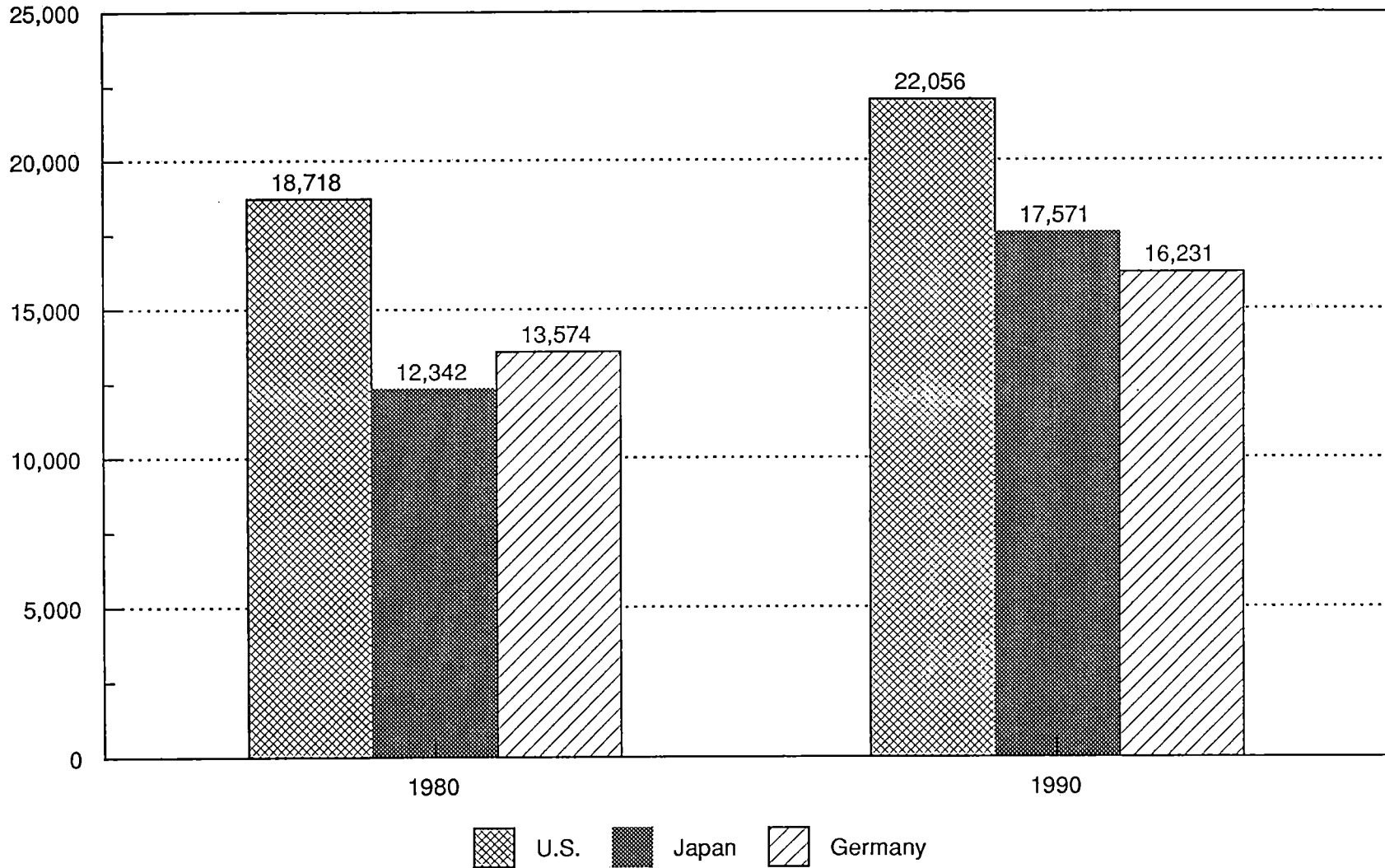
YEAR	ITALY	NETHER- LANDS	NORWAY	SWEDEN	UNITED KINGDOM
GROSS DOMESTIC PRODUCT PER CAPITA					
1960	5503	7403	6896	8149	8095
1961	5917	7516	7258	8566	8295
1962	6244	7731	7394	8881	8307
1963	6549	7877	7615	9303	8603
1964	6680	8441	7938	9863	8987
1965	6847	8767	8293	10144	9127
1966	7209	8895	8535	10258	9269
1967	7677	9261	8993	10522	9471
1968	8130	9781	9117	10841	9821
1969	8572	10327	9448	11304	9907
1970	8970	10782	9572	11927	10117
1971	9054	11100	9944	11958	10342
1972	9233	11350	10378	12195	10565
1973	9820	11787	10728	12656	11374
1974	10288	12159	11218	13022	11270
1975	9959	12044	11621	13303	11196
1976	10564	12557	12354	13396	11613
1977	10915	12771	12742	13134	11743
1978	11237	13007	13268	13326	12161
1979	11875	13225	13893	13807	12431
1980	12351	13231	14431	14011	12171
1981	12400	13047	14508	13998	12039
1982	12396	12805	14503	14145	12211
1983	12475	12934	15127	14395	12670
1984	12775	13292	15950	14954	12853
1985	13074	13581	16739	15262	13293
1986	13434	13782	17380	15563	13783
1987	13829	13804	17641	15953	14380
1988	14363	14088	17460	16248	14902
1989	14777	14571	17450	16482	15140
1990	15034	14979	17693	16399	15206

TABLE CONTINUED ON FOLLOWING PAGE.

GDP per Capita

As of 9/21/92

1990 Dollars



Source: Department of Labor.

Note: Adjusted with PPP exchange rates.

leadership in Congress has repeatedly refused to pass my economic growth proposals or to present me with their own proposals that would have any chance of accelerating the growth of our economy. Beginning in 1989, the Congress has bottled-up my most important tax proposals through parliamentary gamesmanship and, as recently as last March, they chose to send me a jobs-destroying tax increase bill rather than pass my proposals which would have created a half million new jobs. Send me a Congress more interested in creating jobs than in creating political divisions and we will get growth up.

Clinton "The old economic ideas of the last two decades did not produce growth, did not create upward mobility, and most important; didn't prepare millions and millions and millions of our people to compete."

Evaluation This claim is incorrect.

Response I suggest the following which builds on the campaign response:

- o The economic ideas of the Carter years were clearly failures. The 1980s, however, were a different story.
 - Growth: Since 1982, following the Carter inflation and subsequent disinflation, real GDP growth averaged 2.6 percent per year. (National Income Accounts).
 - Upward mobility: During the 1980s, real median family income rose almost 9 percent. The proportion of families with real incomes below \$15,000 fell almost 9 percent while the proportion of families with real incomes above \$50,000 rose by almost 30 percent. 5.3 million families left the middle class by earning a lot more money and moving up. (NB: Note that real median household income fell by 3.5 percent in 1991. Data to update the calculations above will not be available until late September). (CEA calculations).
 - Competitiveness: The U.S. regained its position as the world's leading exporter, beating out Japan and Germany, and in the process created 1.7 million export-related jobs. (Department of Commerce).

Federal News Service, AUGUST 21, 1992

not only the German example, but the state of Hawaii, which has community rating, primary health clinics, broad-based groups of health care providers, and which charges 50 percent less for health insurance than the American average. We can do it if we have the will to do it. (Applause.)

The third principle is that we have to invest today in the foundations of tomorrow. I was criticized last night for wanting to invest 220 billion new dollars over the next four years. My opponent didn't point out that I also called for \$140 billion of spending cuts over the next four years. We need to increase real

investment of your tax dollars by \$50 billion a year because all our competitors are doing more. Nine nations now spend a higher percentage of their income on kindergarten through twelfth grade education than we do. Virtually every country in the world with an advanced economy spends a much higher percentage of their income on infrastructure, on transportation and communications than we do, and we have got to compete. We've got to rebuild our railroads, our highways, our bridges, invest in a national information network to link every library, and every laboratory, and every classroom, and every company, and every home by the year 2015. Wouldn't it be nice, when our kids come home, if they could have computers that link them up to the Library of Congress, not just to a video game? (Applause.)

We need to take every last dollar by which we reduce defense and reinvest it in an American economy for the 21st century, creating high-speed rail networks,

LEVEL 1 - 1 OF 1 STORY

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AUGUST 21, 1992, FRIDAY

SECTION: WHITE HOUSE BRIEFING

LENGTH: 7507 words

HEADLINE: REMARKS BY GOVERNOR BILL CLINTON (D-AR)
TO THE DETROIT ECONOMISTS CLUB
DETROIT, MICHIGAN

KEYWORD:
ECONOMIST CLUB CLINTON

BODY:

GOV. CLINTON: Thank you very much. Thank you very much. Governor Blanchard and distinguished members and guests of the Economic Club of Detroit, I really appreciate that introduction Jim gave me. After the going over I got last night, I need it. (Laughter.) But I'm always a little skeptical of those

CLINTON BUDGET PROPOSAL

(Deficit impact in \$ billions)

	1993	1994	1995	1996	4-Year Total
DEFICIT REDUCTION					
Defense:					
Unspecified cuts beyond Bush.....	-2.0	-8.5	-10.5	-16.5	-37.5
Intelligence cuts.....	-1.0	-1.5	-1.5	-1.5	-5.5
Procurement reform.....	-5.7	--	--	--	-5.7
Inventory system reform.....	<u>-2.3</u>	<u>-2.5</u>	<u>-2.5</u>	<u>-2.5</u>	<u>-9.8</u>
Subtotal defense cuts.....	-11.0	-12.5	-14.5	-20.5	-58.5
International:					
Consolidate overseas broadcasting system (USIA).....	-0.1	-0.2	-0.3	-0.3	-0.8
Unspecified cuts.....	<u>-2.0</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>-2.0</u>
Subtotal international.....	-2.1	-0.2	-0.3	-0.3	-2.8
Subtotal defense/international.....	-13.1	-12.7	-14.8	-20.8	-61.3
Vague reforms and administrative gimmicks:					
Unspecified 3% admin cut.....	-2.0	-5.0	-6.5	-8.5	-22.0
Line-item veto of pork barrel projects.....	-3.8	-2.0	-2.0	-2.0	-9.8
Federal agency energy conservation.....	--	-0.9	-0.9	-0.9	-2.6
Reform debt financing.....	--	-2.0	-2.0	-2.0	-6.0
RTC reform.....	-4.0	-4.0	-4.5	-4.6	-17.1
Subtotal gimmicks.....	-9.8	-13.9	-15.9	-18.0	-57.5
Real reforms:					
Workforce reduction.....	-2.0	-4.3	-4.5	-4.5	-15.3
White House staff cut.....	(*)	(*)	(*)	(*)	(*)
Legislative branch cut.....	-0.1	-0.1	-0.1	-0.1	-0.4
University projects.....	-0.7	-0.8	-0.8	-0.8	-3.1
USDA field offices.....	(*)	-0.1	-0.1	-0.1	-0.4
HUD grants.....	-0.1	-0.1	-0.1	-0.1	-0.5
Freeze consultants.....	-0.2	-0.2	-0.2	-0.2	-0.8
Increase nuclear waste disposal fees.....	(*)	(*)	-0.1	-0.1	-0.2
Consolidate social services programs.....	--	-0.3	-0.3	-0.3	-0.8
Terminate honey price supports.....	(*)	(*)	--	--	(*)
Medicare Part B premiums.....	-0.6	-1.0	-1.0	-1.8	-4.4
Subtotal real reforms.....	-3.7	-6.8	-7.2	-8.1	-25.9
Total spending cuts.....	-26.6	-33.3	-37.8	-46.8	-144.6

42%) are additional and irresponsible cuts in America's national security programs. In short, at most 18% of the cuts proposed by Clinton could even remotely be termed "real."

- o Clinton's administrative gimmicks are the kind of smoke and mirrors "cuts" that, like the inherent contradiction of a "pro-growth strategy" that raises taxes, confirms that Clinton's "deficit reduction" will really raise spending.¹³

- o Of the \$145 billion in spending cuts, Clinton would only terminate one federal program -- the honey bee program -- which Senator Gore has voted for on four occasions. This stands in sharp contrast to the President who proposed in his FY93 Budget to eliminate 246 federal programs, saving an estimated \$5 billion.¹⁴

- o In an obvious "me-too" of the President, Clinton calls for a line-item veto, but estimates that he would get just \$10 billion in savings over four years. Unfortunately, it is the Democratic Congress that has refused time and again to give the President line-item veto authority. What are they waiting for? Were Clinton truly serious about a line-item veto, he would write the Democratic leaders tomorrow and urge its passage. If a line-item veto were passed this year, with a stroke of the pen President Bush would save more than \$10 billion this year alone.

- o Spending reform and control of entitlement spending are needed -- a fact acknowledged by even Democrat Barbara Jordan when she spoke before the Democratic Convention. Evidently Governor Clinton was not listening. Not only does President Bush understand this problem, he has already proposed ways to stop out-of-control spending. In this year's budget, the President proposed to cap the growth of non-Social Security entitlement programs, saving nearly \$180 billion over the next four years.¹⁵

Illusory Deficit Reduction

- o By his own numbers, Clinton would add one trillion dollars to the national debt over the next four years.¹⁶ But, even

¹³ See Table 1.

¹⁴ Ibid.

¹⁵ Estimates of savings from a CPI-based cap on growth in entitlement spending, Mid-Session Review of the Budget, Appendix I, p. 415.

¹⁶ See Table 3.

this estimate significantly understates the cost of Clinton's spending programs and overstates his claimed budgetary savings. Once again, Clinton's numbers do not add up.

- Over \$110 billion of his "savings" arise through unspecified gimmicks, questionable revenues, and vague proposals such as "RTC management reforms."¹⁷
- Clinton fails to include in his spending estimates massive new spending promises that he repeats almost daily -- \$197 billion for more government-controlled health care¹⁸ and \$45 billion for "middle income" tax cuts.¹⁹
- o The likely impact of Clinton's program over four years is at least \$200 billion in deficit spending on top of the \$1 trillion addition to the national debt he already acknowledges.²⁰
- o The Clinton plan relies on a grossly overstated estimate of future real GDP growth, a so-called "rosy scenario." For 1993, Clinton's "moderate" growth path forecasts real growth of 4.6% -- a full percentage point higher than anyone else's estimates, even those by the pro-Democrat Congressional Budget Office.²¹
- o The hypocrisy, and the real danger of the Clinton budget, is that the growth he must assume in order to claim a reduction in the deficit is a fantasy based not on economics, but on

¹⁷ "Putting People First: A National Economic Strategy," June 20, 1992. Cuts designated as vague reforms or administrative gimmicks are grouped in Table 1.

¹⁸ Preliminary CBO estimate of the cost of play-or-pay, (H.R. 3205, August 2, 1991).

¹⁹ Congressional Joint Committee on Taxation scoring of FICA and dependent credits included in H.R. 4210.

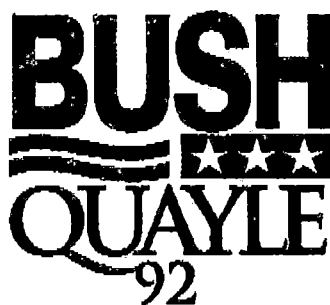
²⁰ This statistic represents the difference between the Clinton deficit as advertised, and the "real" Clinton deficit. See Table 4.

²¹ A one percent increase in the growth rate will make up the difference between the "real" Clinton deficit and the CBO baseline. See CBO, The Economic and Budget Outlook: Fiscal Years 1993-1997, January 1992, p. 37. Clinton's plan also contains a "strong" growth path that would require 5.5% real GDP growth in 1993 according to an analysis by the Minority Staff of the Joint Economic Committee.

CLINTON BUDGET PROPOSAL

(Deficit impact in \$ billions)

	1993	1994	1995	1996	4-Year Total
DEFICIT REDUCTION					
Defense:					
Unspecified cuts beyond Bush.....	-2.0	-8.5	-10.5	-16.5	-37.5
Intelligence cuts.....	-1.0	-1.5	-1.5	-1.5	-5.5
Promerment reform.....	-5.7	--	--	--	-5.7
Inventory system reform.....	-2.3	-2.5	-2.5	-2.5	-9.8
Subtotal defense cuts.....	-11.0	-12.5	-14.5	-20.5	-58.5
International:					
Consolidate overseas broadcasting system (USIA).....	-0.1	-0.2	-0.3	-0.3	-0.8
Unspecified cuts.....	-2.0	--	--	--	-2.0
Subtotal international.....	-2.1	-0.2	-0.3	-0.3	-2.8
Subtotal defense/international.....	-13.1	-12.7	-14.8	-20.8	-61.3
Vague reforms and administrative gimmicks:					
Unspecified 3% admin cut.....	-2.0	-5.0	-6.5	-8.5	-22.0
Line-item veto of pork barrel projects.....	-3.8	-2.0	-2.0	-2.0	-9.8
Federal agency energy conservation.....	--	-0.9	-0.9	-0.9	-2.6
Reform debt financing.....	--	-2.0	-2.0	-2.0	-6.0
RTC reform.....	-4.0	-4.0	-4.5	-4.6	-17.1
Subtotal gimmicks.....	-9.8	-13.9	-15.9	-18.0	-57.5
Real reforms:					
Workforce reduction.....	-2.0	-4.3	-4.5	-4.5	-15.3
White House staff cut.....	(*)	(*)	(*)	(*)	(*)
Legislative branch cut.....	-0.1	-0.1	-0.1	-0.1	-0.4
University projects.....	-0.7	-0.8	-0.8	-0.8	-3.1
USDA field offices.....	(*)	-0.1	-0.1	-0.1	-0.4
HUD grants.....	-0.1	-0.1	-0.1	-0.1	-0.5
Freeze consultants.....	-0.2	-0.2	-0.2	-0.2	-0.8
Increase nuclear waste disposal fees.....	(*)	(*)	-0.1	-0.1	-0.2
Consolidate social services programs.....	--	-0.3	-0.3	-0.3	-0.8
Terminate honey price supports.....	(*)	(*)	--	--	(*)
Medicare Part B premiums.....	-0.6	-1.0	-1.0	-1.8	-4.4
Subtotal real reforms.....	-3.7	-6.8	-7.2	-8.1	-25.9
Total spending cuts.....	-26.6	-33.3	-37.8	-46.8	-144.6



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FACT SHEET

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August 10, 1992

THE CLINTON ECONOMIC PLAN: HIGHER TAXES, FEWER JOBS

"Clinton's program brims with cliches and dubious calculations . . . His plan seems slick because it is."

-- Robert J. Samuelson
Washington Post, July 1, 1992

Summary: Clinton Returns to "Tax and Spend"

- o Bill Clinton is selling his "National Economic Strategy" as a way to "put people first." What Clinton will really do is put government first. His plan will impose the largest single tax increase in American history, followed by over \$219 billion in new spending.¹ Hard-working Americans investing in new jobs and economic growth will be the first to be hit by the Clinton tax hikes and the last to be helped by new federal spending.
- o Clinton pretends his plan would reduce the deficit, when in fact it would worsen it with massive new spending and new constraints on economic growth. Instead of addressing the largest threat to our future -- the deficit -- the Clinton plan would return America to a tired formula of higher taxes and higher spending.
 - The Clinton plan would put the United States further into debt and farther from a balanced budget.
 - Bill Clinton unabashedly proposes to raise taxes by at least \$150 billion -- the largest first- and four-year tax increase in our country's history -- and use the proceeds to increase spending by at least \$219 billion.

¹ See Table 2, Senate Budget Committee Minority Staff Summary of Clinton Budget Proposal, duplicated from "Putting People First: A National Economic Strategy," June 20, 1992. The estimate excludes the cost of Clinton's health care reform proposal. If included, spending increases exceeding \$416.5 billion would result.

cost of health coverage rose to \$150 per month per employee, they would opt to close their doors. Another 24 percent said they would keep their business open but would lay off employees. All told, the NFIB concluded, "between one and two million small business jobs would evaporate."¹⁰

-- In sum, mandates are taxes on the use of labor and, as such, will particularly damage the employment prospects and wages of low skilled workers -- the very group Clinton claims to want to help.

- o All told, Clinton's new taxes and mandates on business will cost American businesses \$101 billion next year -- fully 54% of their 1991 profits.¹¹ At a time when the economy is starting to grow again, any plan that takes away half of American business' profits -- profits that are being invested in new workers and better products -- is bound to cost jobs.
- o In addition to whatever jobs Clinton would lose through his economic plan, Clinton and Gore have endorsed dramatic increases in Corporate Average Fuel Economy (CAFE) standards. This radical and unwise step would put at risk between 150,000 and 300,000 jobs. Of these jobs, 142,000 are auto workers, including 4,500 GM workers in Senator Gore's home-state of Tennessee.¹²
- o Clinton's \$220 billion transfer from the free-market through the federal agencies and back to the private sector will generate neither growth nor incremental jobs. Rather, Clinton will replace productive investment and real growth with massive spending in huge new government bureaucracies. Spending couched as "investment" is no more than spending by another name.

Phony Spending Cuts

- o Clinton claims to cut spending by \$145 billion, but the numbers do not add up. Of the alleged \$145 billion in spending cuts, \$57.5 billion (or 40%) are administrative gimmicks and unspecified measures, and \$61.3 billion (or

¹⁰ "Small-business jobs, growth would decline under play-or-pay health plan," National Federation of Independent Business, August 7, 1992.

¹¹ Figure for total after-tax profits of U.S. corporations from the U.S. Department of Commerce, Bureau of Economic Analysis.

¹² Motor Vehicle Manufacturers Association of the United States, March 1992.