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FOIA MARKER

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Economy

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

November 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: October Retail Sales, Commerce Department Release, Friday, 8:30 a.m.

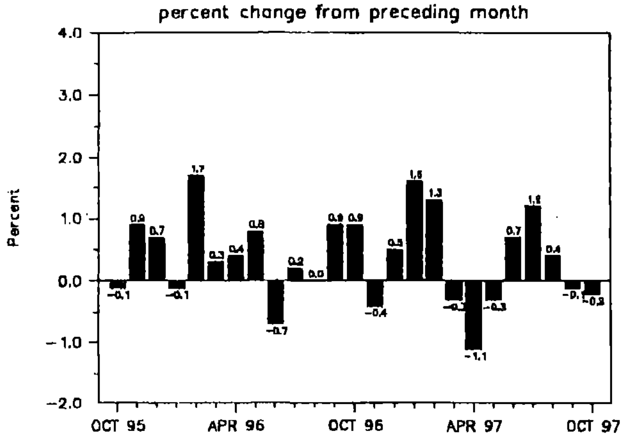
Nominal retail sales fell 0.2 percent in October; markets had expected an increase.

- Sales at the Commerce Department's sample of auto dealers fell 2.0 percent in October. Separate data from automotive manufacturers indicate a similar decline.

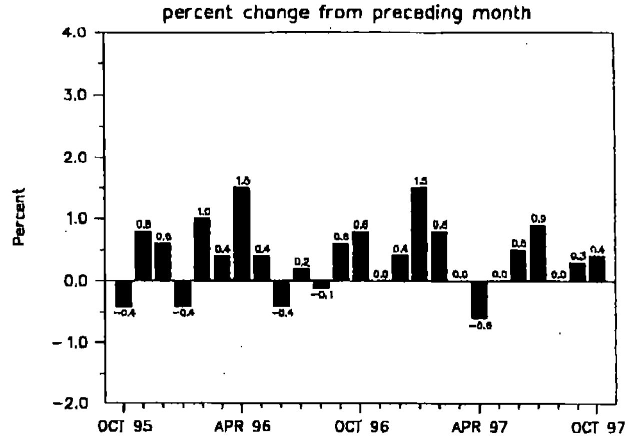
- Excluding motor vehicles, retail sales rose 0.4 percent in October. This increase was in line with market expectations.

Consumption growth was particularly strong in the third quarter (5.7 percent at an annual rate). The data in this release suggest that there will be almost no revision to this estimate. With data available for only one month of the fourth quarter, it appears that consumption growth--excluding motor vehicles--has slowed to a more moderate rate. Motor vehicle consumption appears somewhat weaker.

TOTAL RETAIL SALES
percent change from preceding month



RETAIL SALES EX AUTOMOTIVE
percent change from preceding month



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WASHINGTON, D.C. 20502

November 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: Producer Price Indexes for October, Labor Department Release, Friday, 8:30 a.m.

The producer price index for finished goods rose 0.1 percent in October--in line with market expectations. This was the third increase, following seven consecutive months of decline.

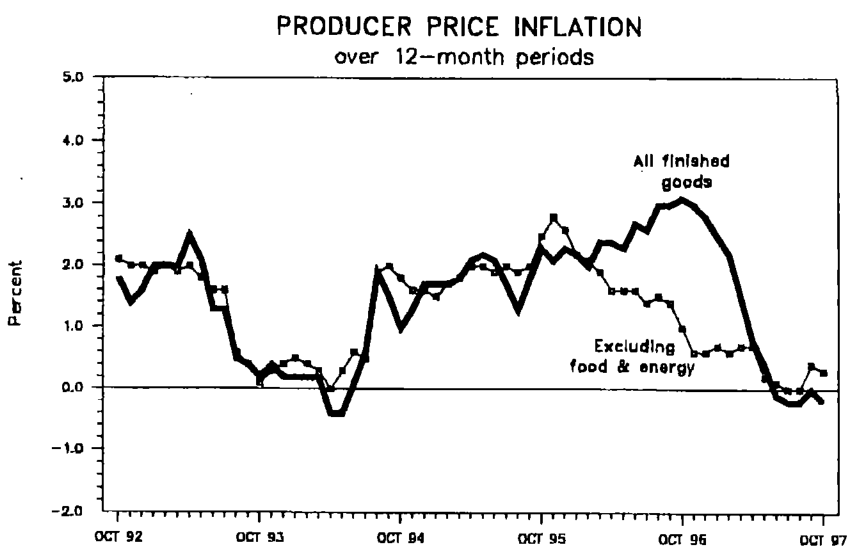
- Food prices increased 0.4 percent reflecting large increases in the volatile fresh fruit and vegetable categories.

- Energy prices edged up 0.1 percent in October, after large increases in the two previous months.

The core PPI (finished goods less food and energy) was unchanged in October-roughly in line with market expectations.

In October--the month when new car models are introduced--auto prices for the 1998 model year were 0.2 percent below the prices for the last model year. This was the second consecutive year of virtually unchanged car prices. Prices of light trucks for the 1998 model year were about one percent below last year's models.

Over the past 12 months, the core PPI has increased 0.3 percentage point--down from a 1.0 percent increase during the year-earlier period.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 29, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: REBECCA M. BLANK Rebecca M. Blank

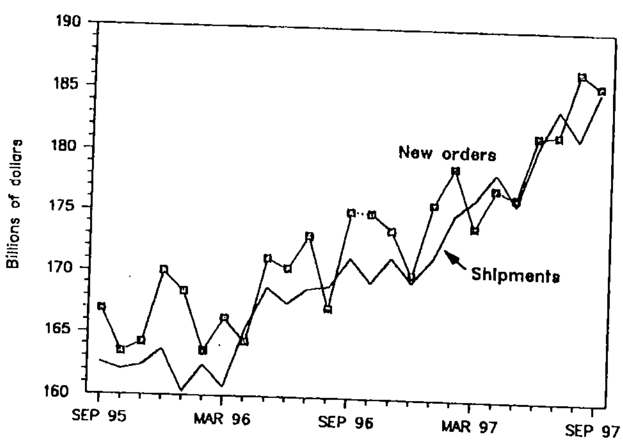
SUBJECT: Advance Durable Goods Orders and Shipments in September, Commerce Department Release, Wednesday, 8:30 a.m.

New orders for manufactured durable goods fell 0.6 percent in September, in line with market expectations. This was the first decline since May. Excluding the volatile defense and aircraft industries, however, orders for capital goods rose 6.1 percent; this is a sharp increase, and more than reverses last month's decline.

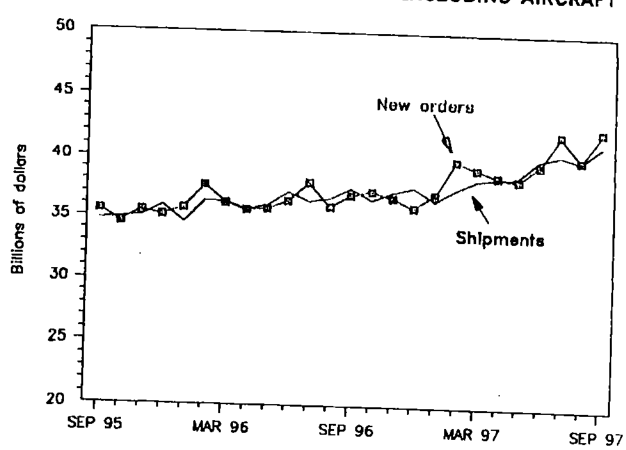
Shipments of nondefense capital goods excluding aircraft rose 3.3 percent. These shipments are used to estimate the equipment investment component of GDP.

Real business equipment investment in the second quarter grew at a stunning annual rate of 23 percent. This report suggests that third-quarter equipment investment might come close to repeating the second quarter's extraordinary rate of growth. These and other figures already released are consistent with third-quarter GDP growth of roughly 3.7 percent at an annual rate.

TOTAL DURABLE GOODS



NONDEFENSE CAPITAL GOODS EXCLUDING AIRCRAFT



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 28, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: REBECCA M. BLANK *Rebecca M. Blank*

SUBJECT: Consumer Attitudes: Conference Board Index of Consumer Confidence, Tuesday, 10:00 a.m., University of Michigan Index of Consumer Sentiment (preliminary)

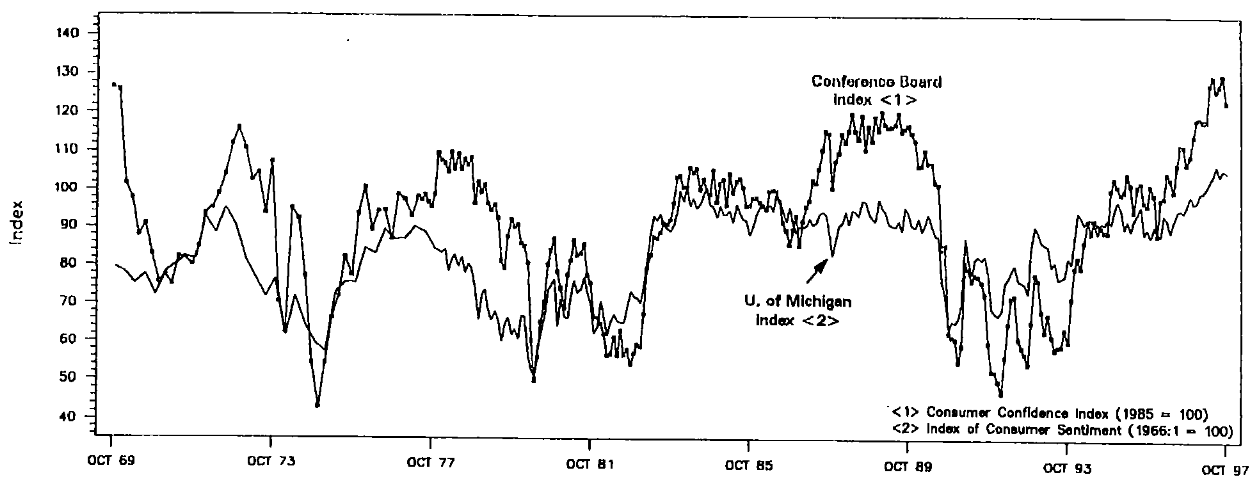
The Conference Board's index of consumer confidence fell sharply in October, while the University of Michigan's consumer sentiment index was flat. Both are still quite high by historical standards. The Conference Board's index of consumer confidence fell 6.9 index points to 123.3 (1985=100), a larger drop than markets had expected. The University of Michigan's consumer sentiment index was down slightly, but equal to the average for the last 5 months at 105.2 (1966:Q1=100). In both surveys, expectations were more favorable than appraisals of the present situation.

- In the Conference Board survey, the proportion of consumers assessing present business conditions as favorable declined from almost 40 percent last month to 33 percent. Appraisals of the present and expected labor market situation were also somewhat less favorable in October.

- In the Michigan survey, three-fourths of consumers expected good times to continue in the year ahead. Only 19 percent of consumers expected the unemployment rate to increase in the next year, the lowest proportion in more than 10 years.

The Michigan survey's median expectation of the next year's inflation rate fell from 2.8 percent to 2.6 percent, the lowest expected inflation rate in 10 years.

CONSUMER ATTITUDES



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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 28, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: REBECCA M. BLANK Rebecca M. Blank

SUBJECT: Employment Cost Indexes for September 1997, Labor Department Release, Tuesday, 8:30 a.m.

Hourly compensation in the private sector increased at a 3.4 percent annual rate in the June-to-September period--in line with market expectations. Wages (up at a 3.8 percent rate) increased faster than benefits (up at a 2.0 percent rate).

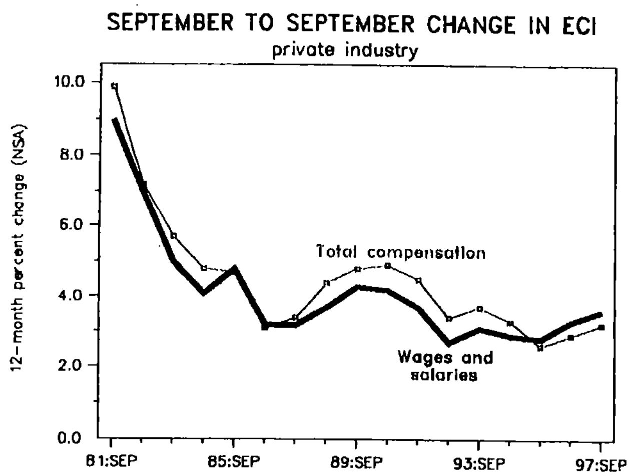
Over the past 12 months, which includes last October's increase in the minimum wage, the industries and occupations with the lowest wage levels have shown the largest acceleration. Nevertheless, the overall rate of wage increase in the past 12 months was only slightly higher than that of the previous 12 months.

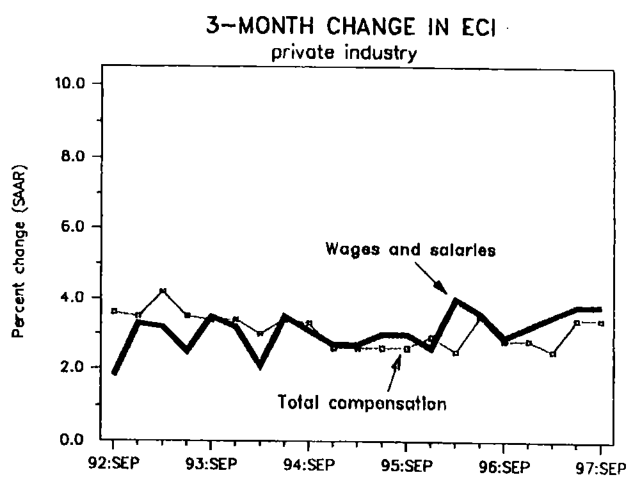
Over the 12 months ending in September, hourly compensation in private industry rose 3.2 percent--a 0.3 percentage point increase from the year-earlier pace. Both wages and benefits picked up slightly.

- Wages increased 3.6 percent--slightly higher than the year-earlier rate. With the CPI up 2.2 percent over this same period, these data imply a 1.4 percent gain in real wages.

- Hourly benefits were again held down by health insurance costs, which increased only 0.8 percent during the past 12 months.

At these rates, hourly compensation is not likely to put pressure on price inflation because--with continuing productivity gains--unit labor costs are increasing slowly.





BUDGET DEFICIT DROPS TO $22.6 BILLION IN FISCAL YEAR 1997

October 27, 1997

THE FEDERAL BUDGET DEFICIT HAS BEEN CUT 92% SINCE 1992

- **Budget Deficit Cut To Lowest Level In 23 Years.** In fiscal year 1997, the federal budget deficit was $22.6 billion -- that's the lowest federal budget deficit since 1974.

- **Budget Deficit Down 92% Since 1992.** In fiscal year 1992, the federal budget deficit was $290.4 billion -- a record dollar high. In 1997, the deficit was down to $22.6 billion -- that's a drop of $267 billion or 92 percent in just five years.

- **As Share of Economy, Deficit Lowest Since 1970.** The federal budget deficit was 0.3 percent of GDP in 1997 -- that's the lowest deficit as a share of the economy since 1970.

- **Biggest Drop in Deficit-to-GDP Ratio Since 1950.** In 1992, the deficit was 4.7 percent of GDP. In 1997, it was down to 0.3 percent -- that's the biggest five-year drop in the deficit-to-GDP ratio since 1945-1950.

- **Deficit Cut Five Years in a Row For First Time in 50 Years.** For the first time in 50 years (1943-1948), the federal government's fiscal situation has improved for five years in a row. For the first time in American history, the fiscal situation has improved for five years in a row under one President.

- **Deficit $300 Billion Lower Than Projected in January 1993.** In January 1993, the Congressional Budget Office projected that the 1997 budget deficit would be $319 billion; it was $23 billion -- that's $296 billion lower than projected.

SPENDING AS A SHARE OF THE ECONOMY IS LOWEST SINCE EARLY 1970s

- **Spending As Share of Economy Is Lowest Since 1974.** As a share of GDP, spending was 20.1 percent in 1997 -- that's the lowest spending-to-GDP ratio since 1974.

- **Spending As Share of Economy Down Under President Clinton.** From 1980 to 1992, the spending-to-GDP ratio increased from 21.7 percent to 22.5 percent. Since 1992, spending as a share of GDP has dropped from 22.5 percent to 20.1 percent last year.

- **Largest Drop in Spending As Share of Economy Since 1950s.** In 1992, spending as a share of the economy was 22.5 percent. In 1997, it was 20.1 percent -- that's the biggest five-year drop in the spending-to-GDP ratio since the period between 1953 and 1958.

IN 2002, DEBT WILL BE MORE THAN $2.5 TRILLION LOWER THAN PROJECTED IN 1993

- **The Federal Debt Almost $800 Billion Lower Than Projected.** The national debt was nearly $800 billion lower in 1997 than projected by the Congressional Budget Office in January 1993.

- **In 2002, Federal Debt Will Be More Than $2.5 Trillion Lower Than Projected.** The national debt will be more than $2.5 trillion lower in 2002 than projected by the Congressional Budget Office in January 1993 -- that's over $40,000 less debt for each family of four in America.

BALANCED BUDGET ACT WILL NOW FINISH THE JOB AND BALANCE THE BUDGET

- **Balanced Budget Act Signed By President Clinton Will Eliminate Deficit.** Both the Office of Management and Budget and Congressional Budget Office conclude that the Balanced Budget Act will complete the job of balancing the budget by 2002 -- the first balanced budget since 1969. The balanced budget agreement includes roughly $900 billion over 10 years in net deficit reduction.

PRESIDENT CLINTON CUT THE DEFICIT, LOWERING INTEREST RATES, AND STRENGTHENING THE ECONOMY

October 27, 1997

In 1992, the deficit was $290 billion, job growth was weak, and the unemployment rate was 7.5 percent. When President Clinton took office, he put in place a bold three-part economic strategy of reducing the deficit, investing in our people, and opening foreign markets to American goods. Experts agree that this strategy has helped cut the deficit to its lowest level since 1974, create 13.2 million new jobs, and lower the unemployment rate to under five percent for the first time in over two decades.

- **President Clinton's 1993 Economic Plan Helped Cut Deficit 92 Percent.** President Clinton's 1993 Economic Plan helped cut the deficit 92 percent, from $290 billion in 1992 to $23 billion in 1997 -- its lowest level since 1974. Experts -- such as Alan Greenspan, *Business Week*, and *Fortune* -- agree that the deficit reduction from the President's 1993 Economic Plan led to a drop in long-term interest rates and a stronger economy. Under President Clinton, the 30-year interest rate has averaged 6.9 percent -- down from 8.2 percent under President Bush and 10.3 percent under President Reagan. [Source: Department of the Treasury, Office of Economic Policy]

  - ***Business Week*, 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

  - **Paul Volcker, Federal Reserve Chairman (1979-1987), *Audacity*, Fall 1994:** "The deficit has come down, and I give the Clinton Administration and President Clinton himself a lot of credit for that....and I think we're seeing some benefits."

  - **Alan Greenspan, Federal Reserve Chairman, 1/31/94**: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."

  - **Alan Greenspan, Federal Reserve Chairman, 2/20/96**: The deficit reduction in the President's 1993 Economic Plan was "an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

  - **Congressional Budget Office, *Economic and Budget Outlook*, Jan. 1994:** "The dramatic improvement [in the deficit] since last January is largely the result of the enactment in August of...the Omnibus Budget Reconciliation Act of 1993."

  - ***Fortune*, 10/3/94**: "[President Clinton's 1993] economic plan helped bring interest rates down, spurring the recovery."

  - **Lehman Brothers, 1/10/94:** "Lower deficits, lower long-term rates and higher real growth was the overall promise. With the data now rolling in for December 1993, it seems clear that President Clinton delivered on all three counts..."

- **With Lower Interest Rates, The Economy Has Boomed.** As interest rates came down, business investment accelerated, leading to higher job growth, lower unemployment, and a stock market boom.

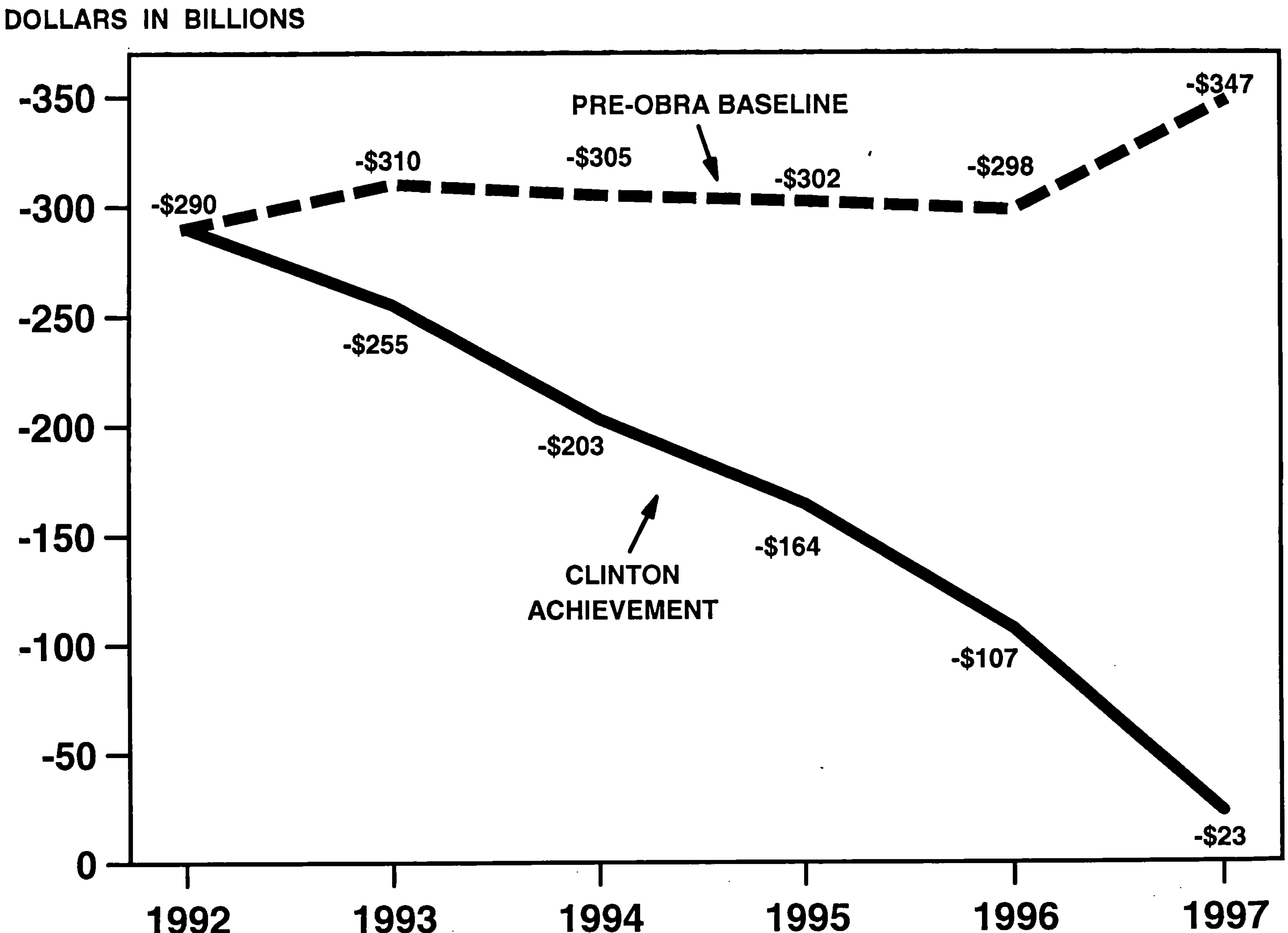
  - **Fastest Business Investment Growth Since Kennedy.** Since President Clinton took office, real business investment has grown 11.4 percent per year -- fastest rate of growth since John Kennedy was President.

  - **13.2 Million New Jobs and Lowest Unemployment Rate in 24 Years.** Since President Clinton took office, the economy has created 13.2 million new jobs. The unemployment rate has dropped from 7.5 percent in 1992 to 4.9 percent today -- for the first time in 24 years, the unemployment rate dropped below 5 percent.

  - **Stock Market Has More Than Doubled.** With low interest rates, the stock market has boomed: up more than 125 percent since January 1993, when the Dow Jones was just 3,242.

- **Even As Economy Has Strengthened, Interest Rates Have Remained Low.** From 1988 to 1992, the 30-year interest rate averaged 8.2 percent, while GDP growth averaged 1.3 percent per year and business investment growth averaged 1.9 percent per year. Simple economic logic suggests that as the economy strengthens and the demand for capital increases, interest rates should rise. However, even as economic growth has increased to 2.9 percent per year and business investment growth has averaged 11.4 percent per year, the 30-year interest rate has <u>fallen</u> to about 6.4 percent today.

REDUCING THE DEFICIT: THE CLINTON RECORD



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HOW DEFICIT REDUCTION HAS HELPED AMERICAN FAMILIES

October 27, 1997

Since President Clinton took office, the deficit has been cut by 92 percent -- from $290 billion to $23 billion this past year. What does this mean to the typical American family? It means lower interest rates and lower mortgage rates, making it easier to buy a home or a car. It means those families who refinanced their mortgage saved thousands of dollars each year. And it means a lower national debt and faster business investment growth, which helps raise America's long-term growth rate.

- **LOWER DEFICITS MEAN LOWER INTEREST RATES.** Experts -- such as Alan Greenspan, *Business Week*, Lehman Brothers, and *Fortune* -- agree that the deficit reduction from the President's 1993 Economic Plan led to a drop in long-term interest rates. Under President Clinton, the 30-year interest rate has averaged 6.9 percent -- down from 8.2 percent under President Bush and 10.3 percent under President Reagan. [Source: Department of the Treasury, Office of Economic Policy]

  - **Alan Greenspan, Federal Reserve Chairman, 1/31/94**: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."

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- **LOWER DEFICITS MEAN LOWER MORTGAGE RATES -- SAVING FAMILIES THOUSANDS.** Mortgage rates have averaged just 7.8% under President Clinton -- lower than under President Reagan (12.8%), President Bush (9.5%), or any Administration since Lyndon Johnson was President. According to the *New York Times* and *Money* magazine, lower mortgage rates under the Clinton Administration have saved the 10 million families who refinanced their home mortgages $1,000 to $2,000 per year, on average. [Source: Department of the Treasury, Office of Economic Policy; *New York Times*, 8/3/96; *Money*, 8/96]

- **LOWER MORTGAGE RATES MEAN HIGHER HOMEOWNERSHIP -- MAKING THE AMERICAN DREAM A REALITY.** Lower mortgage rates -- along with higher family incomes, faster job growth, and the President's National Homeownership Strategy -- have helped raise the national homeownership rate to its highest level in American history -- 66.0 percent. Since President Clinton took office, there are 5.8 million more homeowners. [Source: Bureau of the Census.]

- **LOWER INTEREST RATES MEAN FASTER BUSINESS INVESTMENT GROWTH.** Under President Clinton, real business investment growth has averaged 11.4 percent -- that's the fastest rate of business investment growth since John Kennedy was President. Faster business investment growth increases America's productive capacity, helping the nation grow faster in the future. [Source: Based on data from the Bureau of Economic Analysis, Department of Commerce.]

- **FASTER BUSINESS INVESTMENT GROWTH MEANS FASTER ECONOMIC GROWTH AND MORE JOBS.** Faster business investment growth has helped lead to faster economic growth and more jobs under President Clinton. Since President Clinton took office, the private sector of the economy has grown 3.6 percent per year -- far stronger than under President Reagan (3.0 percent per year). And the economy has added 13.2 million new jobs since January 1993 -- a faster rate of job growth than any Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Economic Analysis, Department of Commerce, and Bureau of Labor Statistics.]

- **LOWER DEFICITS MEAN A LOWER NATIONAL DEBT -- $40,000 LESS DEBT FOR A FAMILY OF FOUR.** The national debt will be more than $2.5 trillion lower in fiscal year 2002 than projected by the CBO in January 1993 -- that's more than $40,000 less debt for each family of four in America.

- **LOWER DEFICITS MEAN LOWER CAR RATES.** Since the beginning of 1993, interest rates on a four-year new car loan at commercial banks have averaged 8.8 percent -- down from their 25-year average of 11.4 percent. And dealer financing rates are currently even lower, as auto companies can afford to make up the difference in today's low-interest rate environment. [Source: Department of the Treasury, Office of Economic Policy]

- **LOWER CAR RATES MEAN HIGHER AUTO PRODUCTION AND AUTO SALES.** For the first time since the 1970s, the United States led the world in auto production in 1994; America retained its leadership in both 1995 and 1996. And under President Clinton, auto sales have increased 19 percent -- from 12.85 million in 1992 to 15.34 million at an annual rate in the third quarter of 1997. [Source: Department of the Treasury, Office of Economic Policy; American Automobile Manufacturers Association.]

EXPERTS AGREE THAT PRESIDENT CLINTON CUT THE DEFICIT, HELPING LOWER INTEREST RATES, AND STRENGTHEN THE ECONOMY

***Fortune*, 10/3/94**: "[President Clinton's 1993] economic plan helped bring interest rates down, spurring the recovery."

***Business Week,* 7/8/96:** "In 1993, the passage of deficit-cutting legislation triggered a bond rally that cut interest rates 1.4 percentage points in 10 months."

***Business Week,* 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

Alan Greenspan, Federal Reserve Board Chairman, 1/31/94: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates."

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Lehman Brothers, 1/10/94: "Lower deficits, lower long-term rates and higher real growth was the overall promise. With the data now rolling in for December 1993, it seems clear that President Clinton delivered on all three counts..."

***Wall Street Journal*, 2/24/93:** "The spectacular bond market rally accelerated yesterday, with long-term Treasury bond yields plunging to another record low as investors rushed to embrace President Clinton's economic package."

***Financial Times* (London), 1/26/93:** "The market opened markedly higher as investors and dealers got their first chance to react to Sunday's comments by Mr. Lloyd Bentsen, the new Treasury Secretary, which suggested the White House views cutting the deficit as a top priority."

***U.S. News & World Report*, 6/17/96:** "Voodoo Bob would also have to explain why he wants an approach that differs from President Clinton's budget deficit program begun in 1993. After all, that did lead to lower interest rates, which begat greater investment growth (by double digits since 1993, the highest rate since the Kennedy administration), which begat three-plus years of solid economic growth averaging 2.6 percent annually, 50 percent higher than during the Bush presidency."

Paul Volcker, Federal Reserve Board Chairman (1979-1987), in *Audacity*, Fall 1994: "The deficit has come down, and I give the Clinton Administration and President Clinton himself a lot of credit for that. [He] did something about it, fast. And I think we are seeing some benefits."

***Chicago Sun-Times*, 10/18/95:** "And Clinton does deserve credit. His 1993 federal budget plan started the process of reducing the deficit. ...That budget was well received by the bond markets and helped start the decline in interest rates that has held through most of Clinton's first term."

National Journal, **2/27/93:** "[I]n the bond market, the early take on President Clinton's economic plan is a big thumbs-up. Prices of 30-year Treasury bonds rose sharply and interest rates dropped-in response to the package... The drop in interest rates is terrific news for the economy and for the Clinton Adminsitration: Cheaper credit should boost the recovery by stimulating demand for new houses and the big-ticket consumer goods, such as dishwashers and furniture, that follow housing purchases."

The (Cleveland) Plain Dealer, **2/26/93:** "The bond market has staged a massive rally since President Clinton announced his plan to revive the economy last week, with yields on 30-year Treasuries falling a third of a percentage point in just a week, leaving those already holding the bonds feeling significantly better off... Lower rates on Treasury securities, which fell below 7 percent Monday for the first time in 16 years, will lead to lower rates on mortgages, corporate borrowing and other types of long-term debt, leading to a rush of refinancings."

New York Times, 12/7/94: "[Clinton's economic team] managed together to convince the bond market -- perhaps now the most important constituency on economic policy -- that the White House commitment to deficit reduction was real. That, in turn, kept interest rates low enough to allow the economic recovery to gain steam."

New York Times, 8/24/93: "In pushing the nation to swallow the bitter medicine of deficit reduction, the Clinton Administration promised that there would be a sweet reward: a sharp drop in interest rates that would give the economy a huge boost. Well, interest rates have fallen sharply."

USA Today, 6/28/94: "[Clinton made] tough cuts in the budget. That helped lower interest rates and cause a strong stock and bond rally during Clinton's first year."

USA Today, 8/10/93: "Fueling the bond rally: Traders cheered the passage of President Clinton's deficit-cutting plan, which they believe will keep long-term interest rates low."

Boston Globe, **2/28/93:** "During the week the market continued a rally that began after Clinton's State of the Union Message, further driving down long-term interest rates and making home mortgages the most affordable they have been in two decades."

Los Angeles Times, 4/3/93: "[B]ond buyers appeared sure that President Clinton's deficit-reduction program would assure a steady decline in long-term interest rates. The result, said investment strategist Richard Eakle of Eakle Associates, was 'a bond market pumped up as if on steroids.'"

Los Angeles Times, 2/23/93: "The yield on 30-year Treasury bonds sank below 7.0% for the first time, closing at 6.93%, as investors continued to rush into bonds on the belief that interest rates overall are headed lower. Traders cited the move as a ringing endorsement of President Clinton's plan to cut federal spending while rejuvenating the economy."

Washington Post, 2/29/93: "The bond market continued to respond favorably to Clinton's promises to reduce the deficit and to Greenspan's latest comments. Since Election Day, interest rates on 10-year U.S. Treasury notes and 30-year bonds have dropped by about half a percentage point."

BALANCED BUDGET AGREEMENT PROTECTS PUBLIC HEALTH & THE ENVIRONMENT

May 30, 1997

President Clinton and Vice President Gore reached an agreement with congressional leaders to balance the budget for the first time in a generation while protecting critical investments like environmental protection, education and health care.

The budget function that includes most environment and natural resource programs, Function 300, is protected at the level in the President's Fiscal Year 1998 budget request for the next five years. *In addition, the agreement specifically protects the following priority programs:*

- **EPA Enforcement and Public Health Safeguards.** The agreement provides for the President's request for the EPA operating program, a 9 percent increase to $3.4 billion in 1998. This account funds:

  - **Better EPA enforcement** against those who violate our environmental and public health laws. The President's budget provides for $540 million in additional enforcement for 1998, with $1 million in training for state and local law enforcement personnel.

  - **Safer food and drinking water.** Within the balanced budget agreement to increase EPA's operating budget, the President's priorities include a $16 million increase to $35 million in 1998 to reduce risks to children from pesticides on foods and a $20 million increase to $48 million in 1998 for safe drinking water safeguards.

  - **Expanded community right-to-know** programs to provide people with better information about toxic threats to their families.

- **Toxic Waste Cleanups.** The agreement sets aside the money for the President's request for the Superfund program, which proposes to clean up 500 additional sites by the end of the year 2000 -- a 50 percent increase to $2.1 billion for 1998 and 1999. The agreement notes that there remain policy differences that must be worked out before the increased funds are available.

  - The agreement also provides for $1 billion in new mandatory spending over five years for a new "Environmental Reserve Fund" for **"orphan shares" at Superfund sites** -- where parties have little or no ability to pay for cleanup, to be available when Superfund is reauthorized.

- MORE -

- The Clinton Administration cleaned up 274 sites in its first term -- compared to only 155 cleaned up by previous administrations in 12 years -- but 10 million children under the age of 12 still live within four miles of a toxic waste dump.

- **National Parks.** The Clinton-Gore Administration has made national parks a national priority again, and the agreement provides for the President's request for National Park Service operations. This is a 6 percent increase to $1.2 billion for 1998 and a 17 percent increase from the year President Clinton took office.

- **Everglades.** The agreement provides sufficient funding for the President's request for Everglades restoration, a 135 percent increase to almost $300 million for 1998. The agreement specifically protects the largest portions of the Everglades restoration program at the National Park Service and the Army Corps of Engineers, for a total of $238 million in 1998. This increase will implement the President's Everglades program signed into law last year -- the most ambitious environmental restoration ever.

- **Brownfields Cleanup and Redevelopment.** Republican leaders will seek to include in the tax legislation the President's legislative proposal for brownfields, which includes a $2 billion brownfields tax incentive, to help communities clean up and redevelop contaminated areas -- protecting public health and creating jobs. This tax incentive is expected to leverage $10 billion in private sector investment and help revitalize some 30,000 brownfields sites.

  The agreement also boosts funding by $50 million in 1998 to provide communities with seed money for the cleanup and redevelopment of brownfields. (This money is included in the Superfund account.)

- **Land Acquisition.** The agreement provides for an additional $700 million from the Land and Water Conservation Fund for priority federal land acquisitions and exchanges. The earliest spending from this, in 1998 and 1999, is targeted "to finalize priority federal land exchanges." The President's priority land exchanges include:

  - **Yellowstone.** Up to $65 million for the federal share of the President's proposal to protect Yellowstone from a massive mine three miles from the park.

  - **Headwaters.** Up to $250 million for the federal share of a state-federal proposal to acquire the Headwaters grove in Northern California, the largest privately held ancient redwood forest in America.

##

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- **EPA Enforcement and Public Health Safeguards.** The agreement provides for the President's request for the EPA operating program, a 9 percent increase to $3.4 billion in 1998. This account funds:

  - **Better EPA enforcement** against those who violate our environmental and public health laws. The President's budget provides for $540 million in additional enforcement for 1998, with $1 million in training for state and local law enforcement personnel.

  - **Safer food and drinking water.** Within the balanced budget agreement to increase EPA's operating budget, the President's priorities include a $16 million increase to $35 million in 1998 to reduce risks to children from pesticides on foods and a $20 million increase to $48 million in 1998 for safe drinking water safeguards.

  - **Expanded community right-to-know** programs to provide people with better information about toxic threats to their families.

- **Toxic Waste Cleanups.** The agreement sets aside the money for the President's request for the Superfund program, which proposes to clean up 500 additional sites by the end of the year 2000 -- a 50 percent increase to $2.1 billion for 1998 and 1999. The agreement notes that there remain policy differences that must be worked out before the increased funds are available.

  - The agreement also provides for $1 billion in new mandatory spending over five years for a new "Environmental Reserve Fund" for **"orphan shares" at Superfund sites** -- where parties have little or no ability to pay for cleanup, to be available when Superfund is reauthorized.

- MORE -

  - The Clinton Administration cleaned up 274 sites in its first term -- compared to only 155 cleaned up by previous administrations in 12 years -- but 10 million children under the age of 12 still live within four miles of a toxic waste dump.

- **National Parks.** The Clinton-Gore Administration has made national parks a national priority again, and the agreement provides for the President's request for National Park Service operations. This is a 6 percent increase to $1.2 billion for 1998 and a 17 percent increase from the year President Clinton took office.

- **Everglades.** The agreement provides sufficient funding for the President's request for Everglades restoration, a 135 percent increase to almost $300 million for 1998. The agreement specifically protects the largest portions of the Everglades restoration program at the National Park Service and the Army Corps of Engineers, for a total of $238 million in 1998. This increase will implement the President's Everglades program signed into law last year -- the most ambitious environmental restoration ever.

- **Brownfields Cleanup and Redevelopment.** Republican leaders will seek to include in the tax legislation the President's legislative proposal for brownfields, which includes a $2 billion brownfields tax incentive, to help communities clean up and redevelop contaminated areas -- protecting public health and creating jobs. This tax incentive is expected to leverage $10 billion in private sector investment and help revitalize some 30,000 brownfields sites.

  The agreement also boosts funding by $50 million in 1998 to provide communities with seed money for the cleanup and redevelopment of brownfields. (This money is included in the Superfund account.)

- **Land Acquisition.** The agreement provides for an additional $700 million from the Land and Water Conservation Fund for priority federal land acquisitions and exchanges. The earliest spending from this, in 1998 and 1999, is targeted "to finalize priority federal land exchanges." The President's priority land exchanges include:

  - **Yellowstone.** Up to $65 million for the federal share of the President's proposal to protect Yellowstone from a massive mine three miles from the park.

  - **Headwaters.** Up to $250 million for the federal share of a state-federal proposal to acquire the Headwaters grove in Northern California, the largest privately held ancient redwood forest in America.

##

MOVEMENTS IN GLOBAL MARKETS
October 23, 1997, 10:30 AM

Question

Are you concerned about the spread of financial crisis to Hong Kong?

Answer

As you know, I generally don't comment on financial market developments.

The Federal Reserve and the Treasury are carefully monitoring the situation in Hong Kong and throughout Asia. They are in close contact with the their counterparts in the region.

Question

Are you concerned with the effects of these developments on American markets?

Answer

I am confident in the strength of our economy.

The Clinton Administration does not comment on market movements. The Administration's economic team is closely monitoring today's developments in the markets.

We believe that the underlying fundamentals of the economy continue to be strong: growth is solid, jobs continue to be created, unemployment is at historically low levels and inflation remains in check. Evidence suggests that we are likely to continue to see economic growth with low inflation. We believe that the economy is in excellent shape to continue creating jobs and expanding economic opportunity for all American families.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 21, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: U.S. Trade in Goods and Services for August, Commerce Department Release, Tuesday, 8:30 a.m.

In August, the deficit on trade in goods and services widened to $10.4 billion, from $10.0 billion (revised) in July. The deficit exceeded market expectations. The goods deficit widened by $0.5 billion, while the services surplus widened by $0.2 billion.

- Goods exports rose $0.1 billion. Goods imports rose $0.6 billion to a record of $74.0 billion. Capital goods imports of $22.2 billion were a record.

- Crude petroleum imports of 282.5 million barrels was a record. The value of crude oil imports rose $0.3 billion to $4.8 billion from $4.5 billion in July.

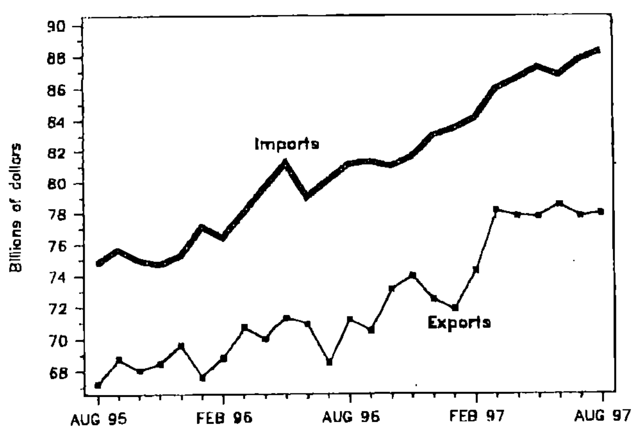
- The trade deficit with Mexico was unchanged at $1.0 billion. Exports to Mexico of $6.3 billion and imports of $7.3 billion were both records.

- The trade surplus with South and Central America of $0.9 billion was the largest since April 1995. Exports of $5.4 billion were a record.

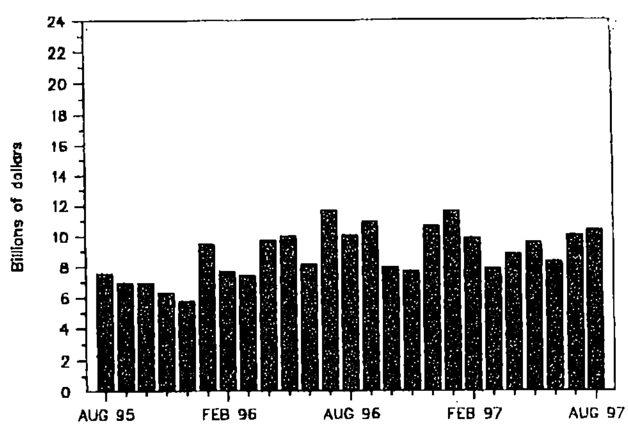
- The trade deficit with China of $5.2 billion was a record. Imports of $6.1 billion were a record and exports of $0.9 billion were the lowest since September of 1996.

- The deficit with Japan fell by $0.6 billion in August. Over the first 8 months of 1997, the cumulative deficit with Japan was $35.4 billion. The deficit over the same period last year was $30.3 billion.

EXPORTS AND IMPORTS OF GOODS AND SERVICES



TRADE DEFICIT FOR GOODS AND SERVICES



U.S. Trade Deficit

Question:

The trade deficit expanded substantially again in August. Doesn't this undermine your case for fast track?

Answer:

It is important not to look at the trade deficit in a vacuum, but rather relative to the size of the overall economy.

- The trade deficit for the last full quarter is lower relative to the size of the economy than at any time during the period 1984 to 1990 -- and less than half the ratio during the period 1984 to 1988.

But the right measure of the success of our trade policy is the growth of U.S. exports, which has been phenomenal.

- Exports of goods and services have grown 45 percent over the past four years -- contributing roughly one third of our strong overall growth.

- And exports are still growing strong: up 10 percent for the year-to-date over the same period last year.

- Mexico surpassed Japan as our second largest export market for the second month in a row and exports to Mexico are up by 18 percent relative to the same period last year.

United States Department of
COMMERCE NEWS
Washington, D.C. 20230

ECONOMICS AND STATISTICS ADMINISTRATION
Bureau of the Census
Bureau of Economic Analysis

This release contains sensitive economic data not to be released before 8:30 a.m. Tuesday, October 21, 1997

CB-97-172 **Press Copy**
FT-900 (97-08)

For information on goods contact:
Bureau of the Census:
Haydn R. Mearkle (301) 457-2246
Richard M. Preuss (301) 457-2311

For information on services contact:
Bureau of Economic Analysis:
Technical: Christopher Bach (202) 606-9545
Media: Larry Moran (202) 606-2649

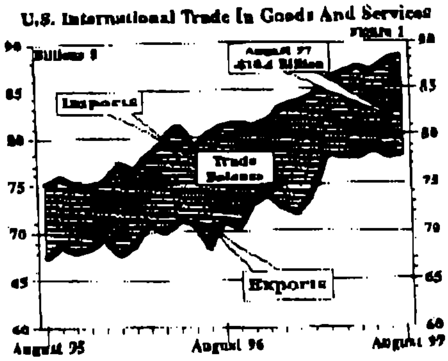
U.S. INTERNATIONAL TRADE IN GOODS AND SERVICES
August 1997

The Bureau of the Census and the Bureau of Economic Analysis, through the Department of Commerce, announced today that total August exports of **$78.0 billion** and imports of **$88.3 billion** resulted in a goods and services deficit of **$10.4 billion**, $0.3 billion more than the $10.0 billion in July, revised. August exports were $0.2 billion more than July exports of $77.8 billion. August imports were $0.5 billion more than July imports of $87.8 billion.

In August, the goods deficit increased $0.5 billion from July to $17.4 billion, and the services surplus increased $0.2 billion to $7.0 billion. Exports of goods increased to $56.8 billion from $56.7 billion, and imports of goods increased to $74.2 billion from $73.6 billion. Exports of services increased to $21.1 billion from $21.0 billion, and imports of services decreased to $14.1 billion from $14.2 billion.

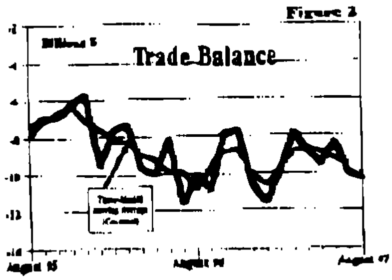
The July to August change in exports of goods reflected increases in *foods, feeds, and beverages* of $0.4 billion (primarily soybeans, wheat, and corn) and *industrial supplies and materials* ($0.2 billion). Decreases occurred in *other goods* ($0.3 billion); *capital goods* $0.2 billion (primarily civilian aircraft); and *automotive vehicles, parts, and engines* ($0.1 billion). *Consumer goods* were virtually unchanged.

U.S. International Trade In Goods And Services



The July to August change in imports of goods reflected increases in *capital goods* of $0.7 billion (primarily computer accessories) and *industrial supplies and materials* ($0.5 billion). A decrease occurred in *automotive vehicles, parts, and engines* of $0.5 billion. *Other goods*; *consumer goods*; and *foods, feeds, and beverages* were virtually unchanged.

Note: Total goods are reported on a balance of payments basis; commodity and country detail for goods are on a Census basis. Definitions are explained in the notes starting on page 26 of this release.



For the three months ending in August, exports of goods and services averaged $78.1 billion, while imports of goods and services averaged $87.6 billion, resulting in an average trade deficit of $9.6 billion. For the three months ending in July, the average trade deficit was $9.3 billion, reflecting average exports of $78.0 billion and average imports of $87.3 billion.

Services exports increased $0.1 billion from July to August. Small increases in some categories of services exports more than offset small decreases in others.

Services imports decreased $0.1 billion from July to August, reflecting small decreases in several categories.

Selected Not Seasonally Adjusted Goods Details

The August figures showed surpluses, in billions of dollars, with Australia $0.6 (for July $0.6), Egypt $0.5 ($0.4), Brazil $0.5 ($0.4), Hong Kong $0.4 ($0.2), and Argentina $0.3 ($0.3). Deficits were recorded, in billions of dollars, with China -$5.2 (-$4.7), Japan -$4.5 (-$5.2), OPEC -$2.0 (-$1.8), Western Europe -$2.0 (-$4.3), Canada -$1.6 (-$1.3), Taiwan -$1.1 (-$1.0), Mexico -$1.0 (-$1.0), and Singapore -$0.2 (-$0.2).

Advanced technology products (ATP) exports were $14.3 billion in August and imports were $12.6 billion, resulting in a surplus of $1.7 billion, $0.2 billion less than the July surplus of $1.9 billion. August exports were $0.6 billion less than the $14.9 billion in July, while imports were $0.4 billion less than the $13.0 billion in July.

Carry-over in August was $0.7 billion (1.2 percent) for exports and $1.0 billion (1.4 percent) for imports. For July, revised export carry-over was $0.1 billion (0.2 percent), revised down from $0.5 billion (0.9 percent). For July, revised import carry-over was $0.2 billion (0.3 percent), revised down from $1.0 billion (1.3 percent).

10-10-99

TALKING POINTS ON TODAY'S PPI RELEASE

- **WE SHOULD ALWAYS BE CAREFUL NOT TO READ TOO MUCH INTO ONE MONTH'S FIGURES.** While the overall Producer Price Index (PPI) was up 0.5 percent in September, and the core rate -- excluding volatile food and energy prices -- was up 0.4 percent, the increase follows seven consecutive months of PPI declines prior to August. [NOTE: The market had expected a 0.2 percent increase in both overall and core.]

- **MOST OF THE INCREASE IN THE CORE PPI WAS DRIVEN BY MOTOR VEHICLES AND TOBACCO.** Without motor vehicles and tobacco, the increase in the core rate was only 0.1 percent. And even with the 1.2 percent increase in motor vehicle prices in September, motor vehicle prices are still 1.6 percent lower than they were a year ago. [NOTE: BLS officials are being quoted as saying that this report doesn't imply any inflation in the pipeline because the increases are concentrated in a few commodity areas -- such as motor vehicles and tobacco.]

- **OVER A LONGER PERIOD OF TIME, INFLATION HAS REMAINED REMARKABLY LOW.** Over the past 12 months, the overall PPI is unchanged -- after increasing 3.0 percent during the previous year. Over the past 12 months, core PPI is up only 0.4 percent -- down a full percentage point from its year-earlier pace.

- **THE AVERAGE ANNUAL INCREASE IN THE OVERALL PPI SINCE JANUARY 1993 HAS BEEN 1.3 PERCENT -- THE LOWEST SINCE PRESIDENT KENNEDY.** For the CPI, the increase has been 2.6 percent per year, relative to 4.0 percent under President Bush and 4.0 percent under President Reagan.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **October 3, 1997**

STATEMENT BY THE PRESIDENT

Today the Labor Department announced more good news for America's workers and their families. Real wages are rising, the American economy has created 13.2 million new jobs since the beginning of my Administration, and for the first time in 24 years, the unemployment rate has remained at or below 5 percent for six consecutive months. We have the most solid American economy in a generation, with strong investment, low unemployment, and low inflation.

While the economy is strong, we still have more to do to keep the American jobs machine on the move and ensure that all Americans have the opportunity to benefit from our growing economy. We must continue our three-part economic strategy that is helping move America forward. We must ensure fiscal responsibility for future generations. We must continue to invest and expect the most of our people through initiatives such as national education test standards. And Congress must provide traditional trade negotiating authority so we can reach fair trade agreements with other countries, breaking down trade barriers to American goods and creating high-paying jobs for American workers.

-30-30-30-

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

October 3, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JANET L. YELLEN Janet L. Yellen

SUBJECT: Employment and Unemployment in September, Labor Department Release, Friday, 8:30 a.m.

The unemployment rate was unchanged in September at 4.9 percent, in line with market expectations.

Nonfarm payroll employment rose 215,000 in September; this was a much smaller increase than markets had expected. After adjusting for the effects of major strikes, payroll employment rose by only 63,000. Since January 1993, payroll employment has increased by 13.2 million.

- Private employment rose by 293,000 in September. Adjusted for the effects of major strikes, private job growth was 136,000, which was lower than the average pace of 225,000 over the first 7 months of the year.

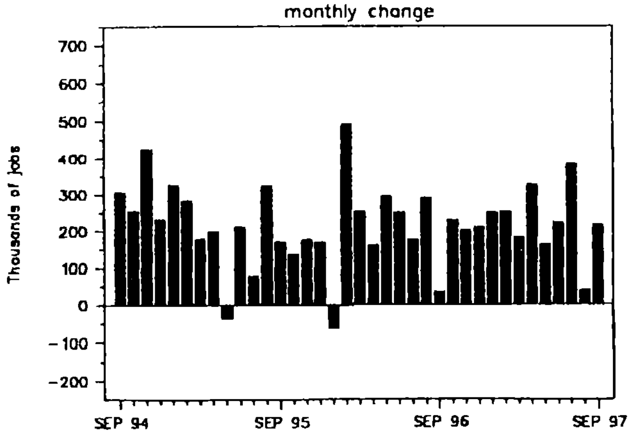
- Much of the difference between private and total employment growth can be ascribed to a decline in local government education employment that is probably largely spurious--the result of changing hiring practices by school systems that are not fully controlled for by BLS's seasonal adjustments.

- Average hourly earnings rose 0.3 percent in September and 3.6 percent over the past 12 months--unchanged from the year-earlier pace.

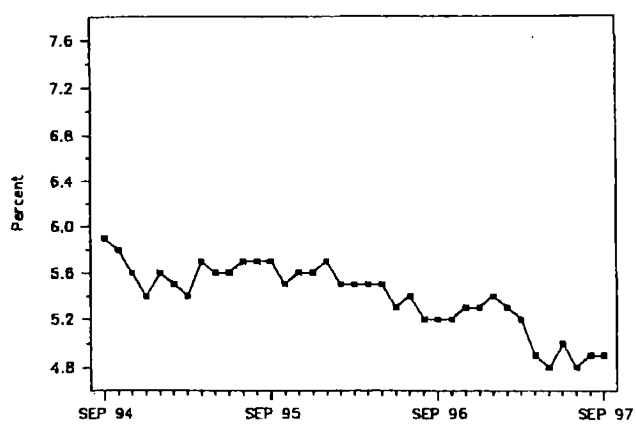
- Aggregate production-worker hours fell 0.1 percent in September. Production-worker hours grew at a 1.1 percent annual rate in the third quarter.

This report, together with early data on spending, is consistent with third-quarter real GDP growth of roughly 3 percent at an annual rate.

NONFARM PAYROLL EMPLOYMENT
monthly change



CIVILIAN UNEMPLOYMENT RATE



THE ECONOMY REMAINS ON THE RIGHT TRACK: LOW UNEMPLOYMENT, STRONG JOB GROWTH, AND LOW INFLATION

October 3, 1997

TODAY'S DATA SHOW CONTINUED JOB GROWTH WITH HISTORICALLY LOW UNEMPLOYMENT.

- **Unemployment is at 4.9 percent, as low as its been in 24 years.**
  - The September unemployment rate was 4.9% -- its 37th consecutive month below 6% and as low as it's been since 1973. The unemployment rate has been at or below 5% for six months now with no signs of inflationary pressures. In 1992, the unemployment rate was 7.5%. [Source: BLS.]
  - The combined rate of unemployment and inflation has been lower under President Clinton than any other Administration since Lyndon Johnson was President. [Source: Based on data from BLS.]

- **13.2 Million New Jobs.**
  - During the Clinton Administration, the economy has added 13.2 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than *any* Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics survey.]
  - The economy has added 2.7 million jobs over the past year.

- **Strong Private-Sector Job Growth.**
  - Since President Clinton took office, the private sector of the economy has added over 12 million new jobs -- with 2.5 million jobs added in the past year -- much more than during the entire four-year period before President Clinton took office. [Source: Based on data from BLS.]
  - 93 percent of the 13.2 million new jobs under President Clinton have been in the private sector -- that's a higher percentage than any Administration since Truman. [Source: Based on data from BLS.]

- **Turning The Corner In Basic American Industries.**
  - After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]
  - After losing 35,000 jobs in the auto industry during the Bush years, we have 129,000 new auto jobs since President Clinton took office. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

EARLIER THIS WEEK, WE LEARNED THAT THE INCOME OF THE TYPICAL AMERICAN FAMILY HAS INCREASED NEARLY $2,200 SINCE 1993, ADJUSTED FOR INFLATION. SINCE PRESIDENT CLINTON TOOK OFFICE, THE PRIVATE SECTOR OF THE ECONOMY HAS GROWN 3.6 PERCENT PER YEAR AND BUSINESS INVESTMENT HAS GROWN BY 11 PERCENT PER YEAR -- THE FASTEST FOR ANY ADMINISTRATION SINCE KENNEDY WAS PRESIDENT. THE ECONOMY CONTINUES TO EXPERIENCE ROBUST GROWTH, STRONG INVESTMENT, AND LOW INFLATION.

EXPERTS AGREE THAT THE AMERICAN ECONOMY IS STRONG:

- **Alan Greenspan, Chairman of the Federal Reserve, 7/22/97:** "The recent performance of the economy, characterized by strong growth and low inflation, has been exceptional--and better than most anticipated."
- **David Berson, chief economist, Fannie Mae, 6/14/97:** "What we have now is the best combination of sustained growth and low inflation that we have had in at least a decade."
- ***Fortune*, 6/9/97**: "Business is booming, inflation is falling, jobs are plentiful, and American industry is way out in front. The U.S. economy is stronger than it's ever been before."
- ***Business Week*, 5/19/97:** "Clinton's 1993 budget cuts, which reduced projected red ink by more than $400 billion over five years, sparked a major drop in interest rates that helped boost investment in all the equipment and systems that brought forth the New Age economy of technological innovation and rising productivity."

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 30, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: Consumer Attitudes: Conference Board Index of Consumer Confidence, Tuesday, 10:00 a.m., University of Michigan Index of Consumer Sentiment

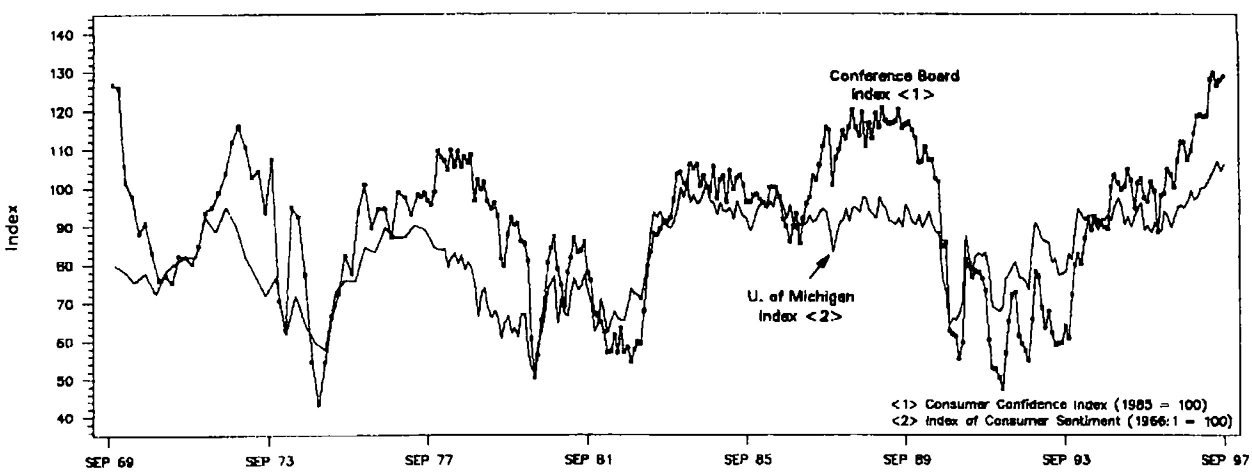
Consumer confidence was very strong in September, with both measures of consumer attitudes posting an increase. The Conference Board's index of consumer confidence rose 1.0 index point to its second highest value since July 1969. The University of Michigan's consumer sentiment index rose 1.6 index points, recovering much of the drop in August. Both series have been rising steadily since summer 1993.

- The rise in the Conference Board index was due to consumers' increased optimism about the future. The current conditions index declined a bit. The proportion of respondents expecting fewer jobs in the next 6 months decreased to a mere 11.8 percent, its lowest level since April 1984.

- In the Michigan survey, the proportion of respondents expecting higher unemployment edged down to 22 percent, while only 8 percent of respondents expected their income to decrease in the next 12 months. Both of these proportions are as optimistic as at any time during the current expansion.

The Michigan survey's median expectation of the next year's inflation rate remained around 3 percent, where it has been stable for about 5 years.

CONSUMER ATTITUDES



9-17-97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 17, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

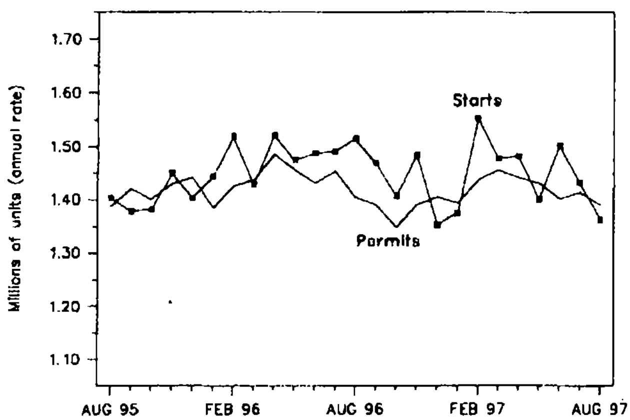
SUBJECT: August Housing Starts, Commerce Department Release, Wednesday, 8:30 a.m.

Housing starts fell by 5 percent in August, to an annual rate of 1.36 million units. In contrast, markets had expected a slight increase from July's level.

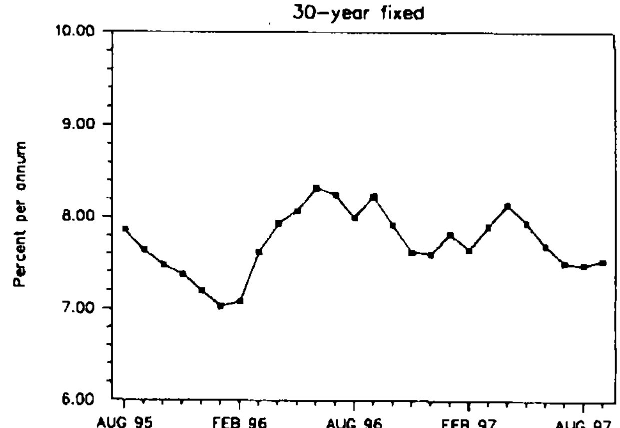
Housing permits, a more stable and forward-looking measure of housing activity, fell by considerably less, declining 2 percent in August, to 1.39 million units. Markets had expected permits to rise slightly.

Housing starts have fallen below the levels seen earlier in the year. As residential construction follows starts with a lag, this points toward weaker residential construction in the third quarter.

HOUSING STARTS AND BUILDING PERMITS



MORTGAGE COMMITMENT INTEREST RATE
30-year fixed



Note.--September 1997 is average through September 12.

9-16-97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: Consumer Price Indexes for August, Labor Department Release, Tuesday, 8:30 a.m.

The consumer price index increased 0.2 percent in August, a bit below market expectations.

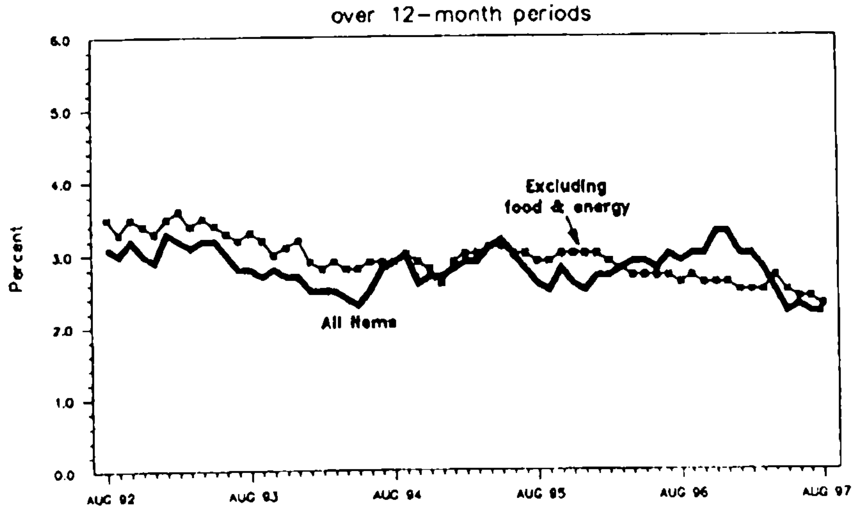
- Energy prices jumped 1.7 percent in August, as gasoline prices rose 5.4 percent. Weekly data point to a smaller increase in September.
- Food prices rose 0.4 percent. Over the past year, food prices have increased at about the same pace as the core CPI.

The core CPI (which excludes food and energy prices) edged up just 0.1 percent in August--also a bit below market expectations. Core commodity prices were especially weak--falling 0.3 percent in August; they increased just 0.6 percent over the past year--down from a 1.0 percent increase during the year-earlier period.

The core CPI increased 2.3 percent over the 12 months ending in August--down from the 2.6 percent year-earlier pace and the lowest 12-month change since 1966. Over the past 12 months, the total CPI rose 2.2 percent--down from its 2.9 percent pace of a year earlier.

This report indicates that inflation remains under control.

CONSUMER PRICE INFLATION
over 12-month periods



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 10, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL Jeff Frankel

SUBJECT: Blue Chip Economic Indicators, September
****Embargoed Until Wednesday, September 10****

In September, the Blue Chip panel raised its forecast for real GDP growth in 1997 by 0.2 percentage point to 3.6 percent, slightly above the forecast of 3.3 percent in the Administration's new Mid-Session Review (MSR). The upward adjustment reflects the Commerce Department's upward revision of second quarter growth from 2.2 to 3.6 percent at an annual rate.

- For 1998, the panel also raised its forecast for real GDP growth 0.2 percentage point, to 2.4 percent, 0.4 percentage point higher than the Administration's forecast.

- The consensus forecasts for unemployment in 1997 and 1998 were unchanged from the previous month.

- The panel's forecast for CPI inflation in 1997 was unchanged from the previous month. However, the panel revised down its forecast for CPI inflation in 1998 to 2.7 percent; despite the panel's revision, its forecast is 0.2 percentage point higher than the Administration's new MSR forecast.

Blue Chip September 1997 vs. Administration Forecast

ECONOMIC INDICATOR (percent, year over year)	Year	Blue Chip September Forecast	Administration 1997 Mid-Session Review
Real GDP growth (chain-weight)	1997 1998	3.6 2.4	3.3 2.0
Nominal GDP growth	1997 1998	5.7 4.7	5.6 4.5
CPI change	1997 1998	2.5 2.7	2.7 2.5
Unemployment rate (annual avg.)	1997 1998	5.0 5.1	5.0 5.2

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 9, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JANET L. YELLEN JLY

SUBJECT: Productivity and Costs (revised), Second Quarter 1997, Labor Department Release, Tuesday, 10:00 a.m.

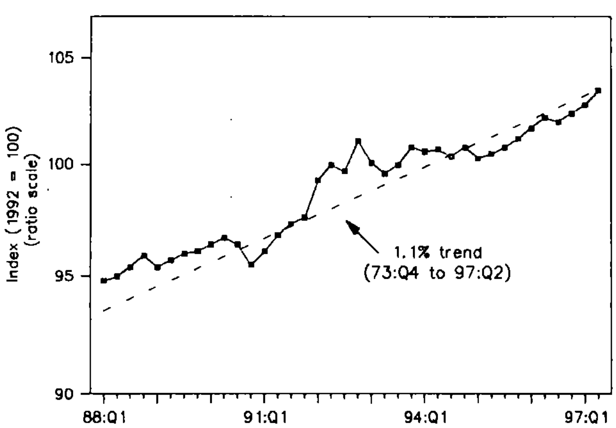
Productivity in the nonfarm business sector (output per hour worked) was revised up to 2.7 percent at an annual rate in the second quarter from a preliminary estimate of 0.6 percent. The revision reflects the upward revision to GDP released almost two weeks ago and had been expected. Second-quarter output grew 4.2 percent, while hours worked rose 1.5 percent.

- The official (product-side) measure of productivity has grown at a 0.8 percent annual rate since 1993:Q1.
- An unofficial income-side measure of productivity has grown at a 1.4 percent annual rate since 1993:Q1. Neither measure is perfect; the truth probably lies in between.
- Since the business-cycle peak in 1990:Q3, the official productivity measure has grown at a 1.1 percent annual rate--the same as the trend that has prevailed during the entire post-1973 period (chart at lower left).

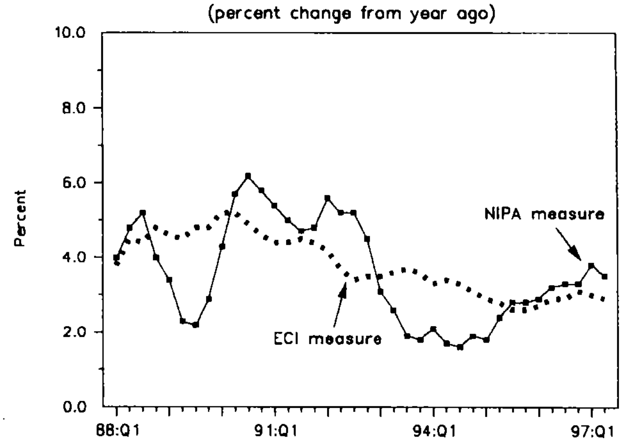
Hourly compensation as reported in this release increased 3.5 percent over the past four quarters--up slightly from the 3.2 percent year-earlier pace.

- Another measure of hourly compensation, from the employment cost index, increased at a slower 2.9 percent pace over the past year (chart at lower right).

PRODUCTIVITY: NONFARM BUSINESS



COMPENSATION PER HOUR: NONFARM BUSINESS
(percent change from year ago)



ECO

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

August 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: Consumer Price Indexes for July, Labor Department Release, Thursday, 8:30 a.m.

The consumer price index increased 0.2 percent in July, in line with market expectations.

- Energy prices edged down 0.1 percent in July. Looking ahead, an increase in gasoline prices thus far in August portends a jump in energy prices in next month's report.

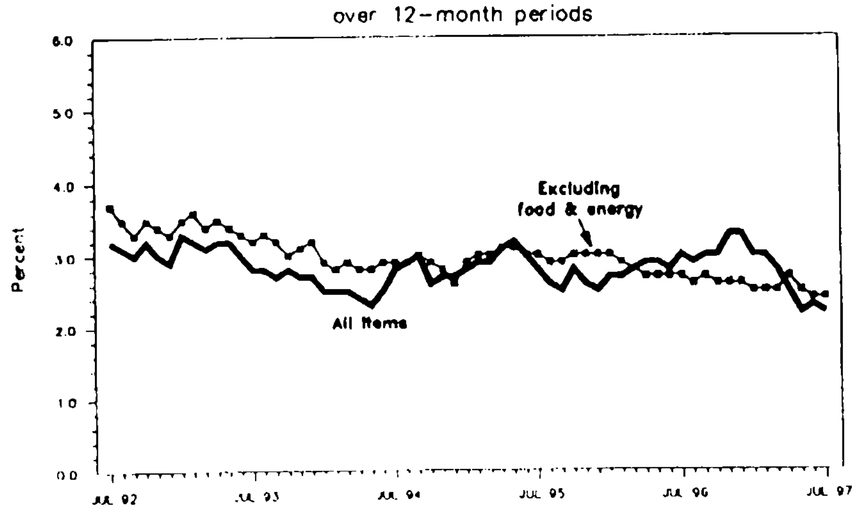
- Food prices rose 0.3 percent in July, and have increased at about the same rate as the core CPI over the past year.

The core CPI (which excludes food and energy prices) increased 0.2 percent in July--in line with market expectations. Prices of new motor vehicles edged up 0.1 percent in July and have increased just 0.3 percent over the past 12 months.

The core CPI increased 2.4 percent over the 12 months ending in July--down from the 2.7 percent year-earlier pace and the lowest 12-month change since 1966. Over the past 12 months, the total CPI rose 2.2 percent--down from its 3.0 percent pace of a year earlier.

This report, together with yesterday's PPI, indicates that inflation remains under control.

CONSUMER PRICE INFLATION
over 12-month periods



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

August 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL Jeff Frankel

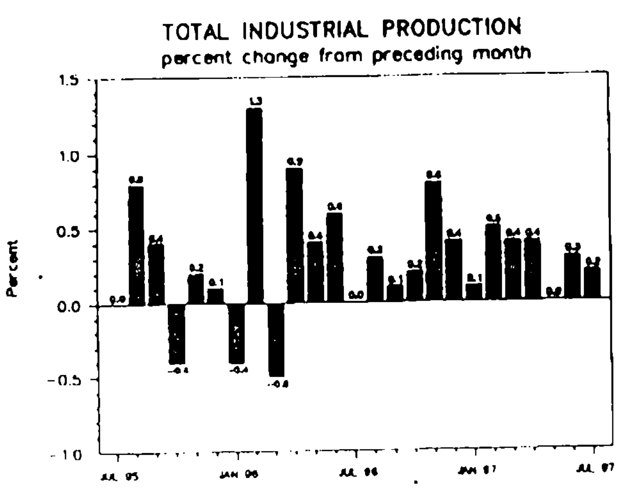
SUBJECT: Industrial Production and Capacity Utilization in July, Federal Reserve Release, Thursday, 9:15 a.m.

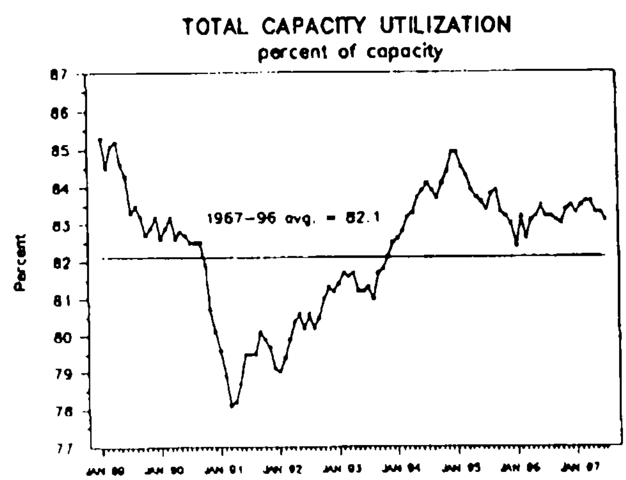
The Federal Reserve's index of industrial production increased 0.2 percent in July, after a 0.3 percent rise in June. The July increase was slightly less than market expectations.

- Manufacturing output rose 0.1 percent in July. The gain would have been stronger by another 0.1 percentage point but for production problems at General Motors. The weakness in motor vehicles together with a decline in nondurables only partially offset the large increases in the production of computers, semiconductors, and commercial aircraft.

- Output of utilities increased following a return to more seasonal weather.

Capacity utilization edged down 0.2 percentage point to 83.1 percent. The July level was slightly below market expectations and the rate associated with steady inflation.





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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

August 13, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: July Retail Sales, Commerce Department Release, Wednesday, 8:30 a.m.

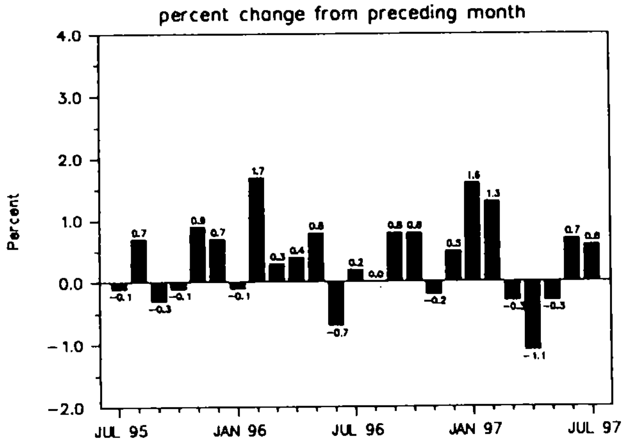
Nominal retail sales rose 0.6 percent in July--close to market expectations.

- Sales at the Commerce Department's sample of auto dealers rose 1 percent in July. As reported by the automakers, the sales increase was even stronger--up from 14.1 to 15.5 million units at an annual rate between June and July.

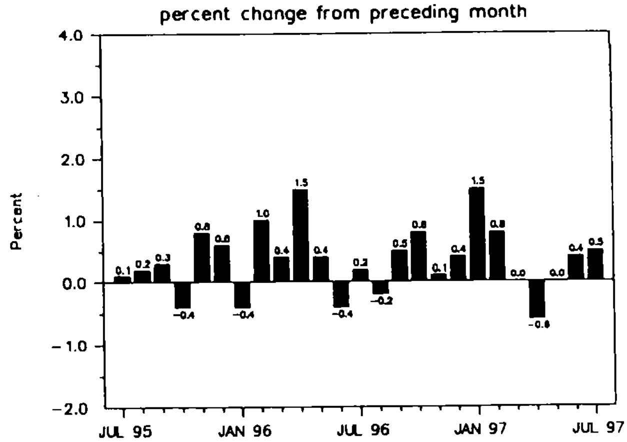
- Excluding motor vehicles, retail sales rose 0.5 percent in July, after a solid 0.4 percent increase in June. The July increase was in line with market expectations.

After a very weak second quarter, the sales data received thus far imply a significant acceleration in third-quarter consumption. However, it remains to be seen how the UPS strike will affect August sales--especially at the mail-order houses.

TOTAL RETAIL SALES
percent change from preceding month



RETAIL SALES EX AUTOMOTIVE
percent change from preceding month



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WASHINGTON, D.C. 20502

August 13, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: Producer Price Indexes for July, Labor Department Release, Wednesday, 8:30 a.m.

The producer price index for finished goods fell 0.1 percent in July--the seventh consecutive month of decline. The market had expected a slight increase.

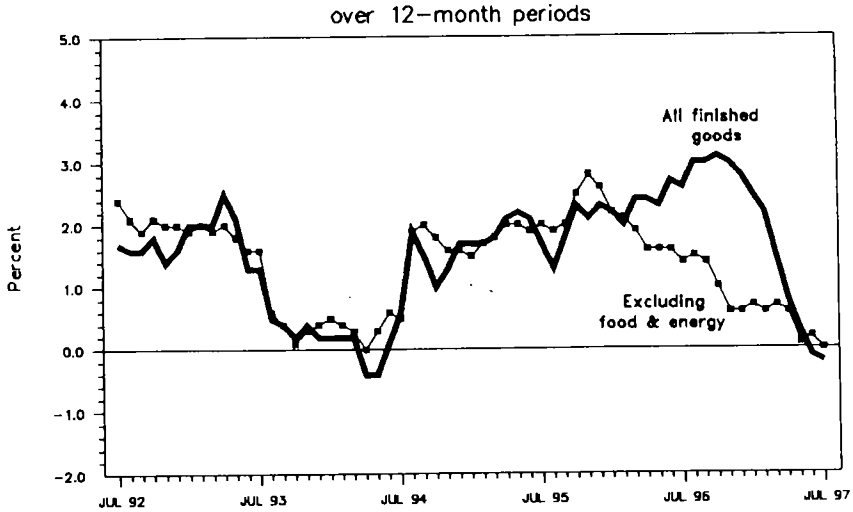
- Food prices fell 0.2 percent and were virtually unchanged from a year ago.

- Energy prices edged up 0.1 percent in July, as declines in gasoline and fuel oil were offset by an increase in residential gas. The petroleum-based fuels have fallen about 6 percent over the past year.

The core PPI (finished goods less food and energy) fell 0.1 percent in July; the market had expected a slight increase. The price that dealers pay for motor vehicles fell 0.9 percent over the month and have declined 2.4 percent over the past year. Computer prices have tumbled 22 percent over the past year.

Inflation--as measured by the core PPI--was zero over the past 12 months--down from 1.4 percent during the year-earlier period. With the reversal of energy prices over the past year, the total PPI is now 0.2 percent lower than a year ago--down dramatically from its year-earlier rate (chart). Thursday's report on consumer prices will provide a more complete picture of inflation.

PRODUCER PRICE INFLATION
over 12-month periods



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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

August 11, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: Blue Chip Economic Indicators, August
****Embargoed Until Sunday, August 10****

The Blue Chip August consensus edged down its forecast for real GDP growth in 1997 by 0.1 percentage point to 3.4 percent, slightly below the forecast in Administration's upcoming Mid-Session Review (MSR).

- The panel lowered its unemployment rate forecasts for both 1997 and 1998 by 0.1 percentage point, to 5.0 and 5.1 percent, respectively.
- The panel revised down its forecast for CPI inflation in 1997 to 2.5 percent, 0.2 percentage point lower than the Administration's MSR forecast. However, the panel's forecast for CPI inflation in 1998 remains 0.3 percentage point higher than the Administration's MSR forecast.
- The panel's forecast for real GDP growth in 1998, at 2.2 percent, was unchanged from the previous month.

Blue Chip August 1997 vs. Administration Forecast

ECONOMIC INDICATOR (percent, year over year)	Year	Blue Chip August forecast	Administration 1997 Mid-Session Review
Real GDP growth (chain-weight)	1997 1998	3.4 2.2	3.5 2.0
Nominal GDP growth	1997 1998	5.6 4.7	5.5 4.5
CPI change	1997 1998	2.5 2.8	2.7 2.5
Unemployment rate (annual avg.)	1997 1998	5.0 5.1	5.0 5.2

ECONOMY

EXECUTIVE OFFICE OF THE PRESIDENT
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WASHINGTON, D.C. 20502

August 5, 1997

MEMORANDUM FOR MICHAEL MCCURRY

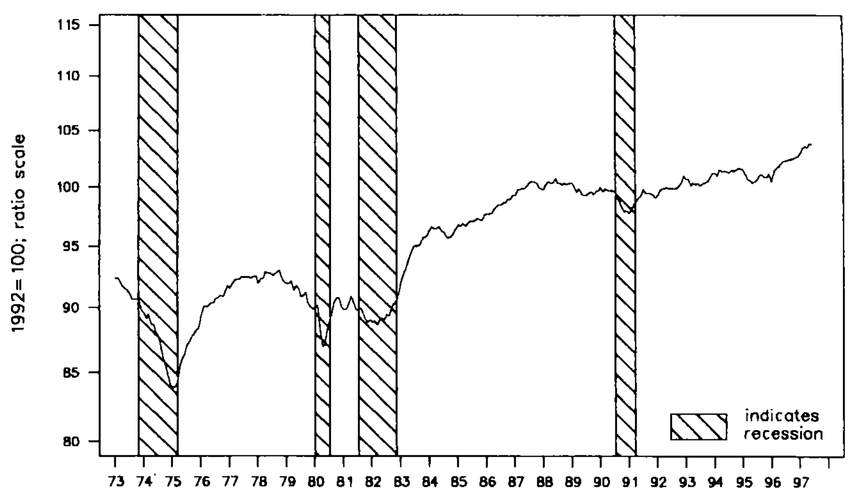
FROM: JEFFREY A. FRANKEL

SUBJECT: June Index of Leading Indicators, Conference Board Release, Tuesday, 10:00 a.m.

The composite index of leading indicators was unchanged in June. Markets had expected a slight increase. Over the first half of 1997, the index has risen 1.1 percent.

- Five of the 10 leading indicators rose in June. Stock prices provided the largest positive contribution.
- Five of the leading indicators fell in June. The most significant negative contributors were (from the most negative to the least): average weekly initial claims for state unemployment insurance, average factory workweek, and the spread between the 10-year Treasury bond yield and the Federal funds rate.

INDEX OF LEADING INDICATORS



ECONOMY

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

August 1, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JANET L. YELLEN *Janet L. Yellen*

SUBJECT: National Association of Purchasing Management (NAPM) National Report, Friday, 10:00 a.m.

The Purchasing Managers' Index increased 2.9 percentage points in July to 58.6 percent--a much larger increase than markets had expected. The level of the index remains substantially above 50 percent, so that this report--taken by itself--suggests that manufacturing output continues to grow robustly.

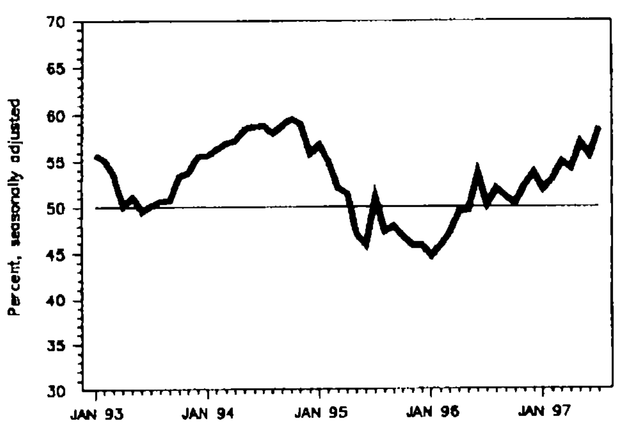
- Delivery lags from suppliers grew longer in July, and have lengthened in 14 of the past 15 months (chart at lower right). An increase in delivery lags can be an indicator of bottlenecks.

- The price index increased in July, with more firms reporting rising prices than falling prices for the commodities they purchase.

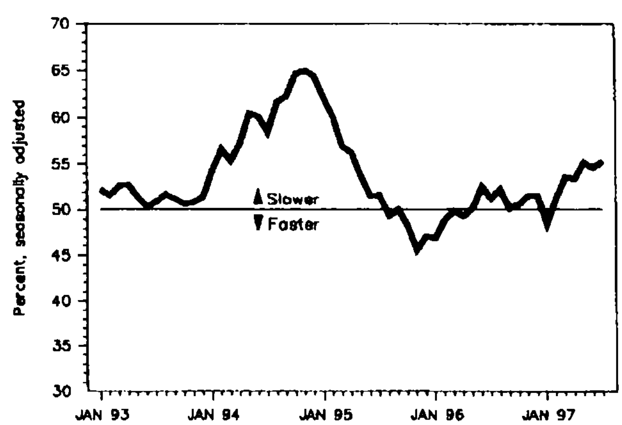
- New export orders increased in July--the seventeenth consecutive monthly increase.

Although this report suggests another increase in industrial production, the lower figure for production-worker hours in today's employment report and declines in motor vehicle assemblies imply a decline in industrial production.

NAPM COMPOSITE INDEX



NAPM SUPPLIER DELIVERIES INDEX



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COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

July 25, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL AHM

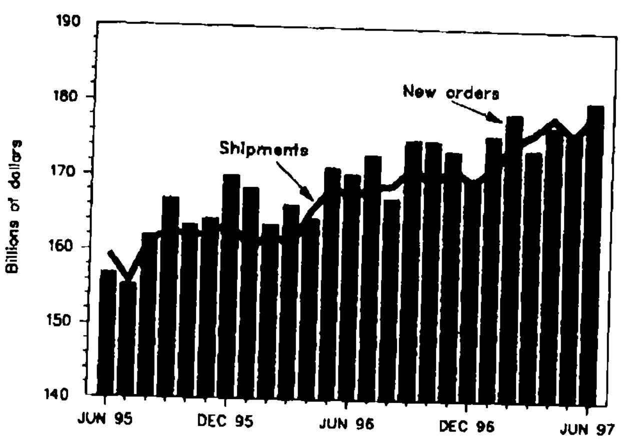
SUBJECT: Advance Durable Goods Orders and Shipments in June, Commerce Department Release, Friday, 8:30 a.m.

New orders for manufactured durable goods rose 2.3 percent in June--stronger than the market had expected. Excluding the volatile defense and aircraft industries, orders for capital goods rose 1.7 percent--which is also a solid increase.

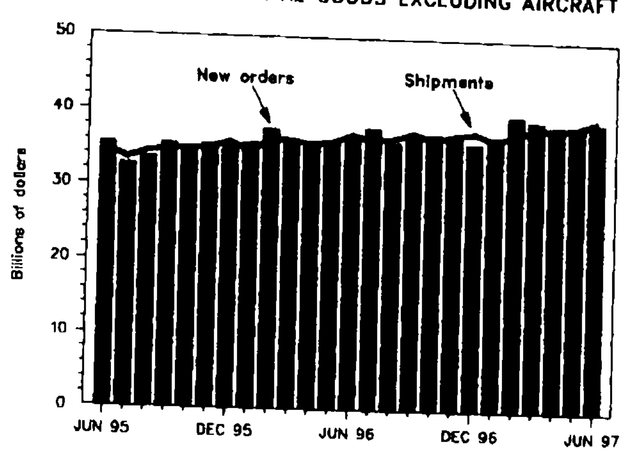
Shipments of nondefense capital goods excluding aircraft rose 2.6 percent, the fifth consecutive monthly increase. (Shipments are used to estimate the equipment investment component of GDP.)

For the second quarter as a whole, these shipments data indicate very strong equipment investment. These investment figures should partially offset a slowdown in consumption, and second-quarter GDP growth is expected at around 2¼ percent at an annual rate.

TOTAL DURABLE GOODS



NONDEFENSE CAPITAL GOODS EXCLUDING AIRCRAFT



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

July 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL

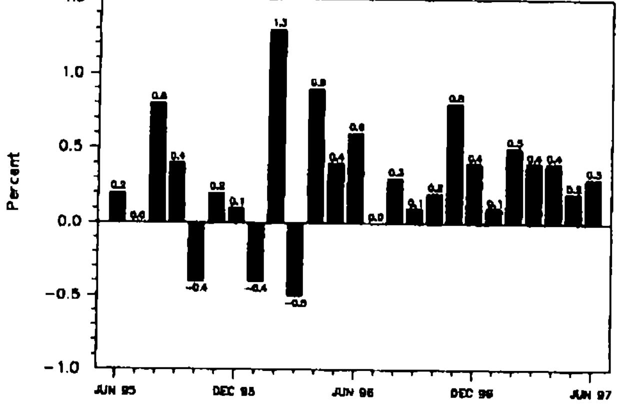
SUBJECT: Industrial Production and Capacity Utilization in June, Federal Reserve Release, Wednesday, 9:15 a.m.

The Federal Reserve's index of industrial production rose 0.3 percent in June; this was in line with market expectations. The May increase was revised down to 0.2 percent; industrial production was previously estimated to have risen 0.4 percent in May.

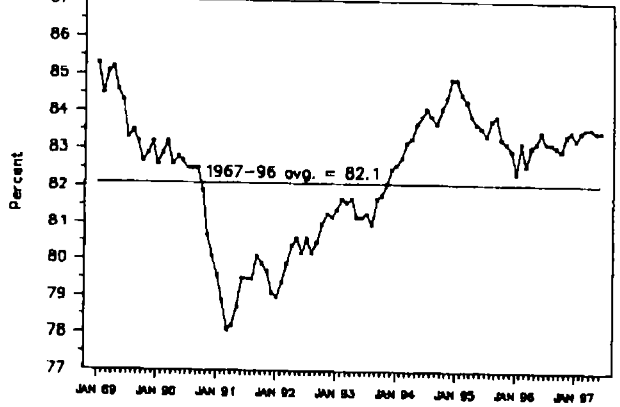
- o Manufacturing output rose 0.3 percent in June, reflecting gains in computers, semiconductors, and commercial aircraft.
- o Output of utilities increased following a return to more seasonal weather.

Capacity utilization in June was 83.5 percent, unchanged from May's revised level. The June level was slightly below market expectations, and is approximately equal to the rate associated with steady inflation.

TOTAL INDUSTRIAL PRODUCTION
percent change from preceding month



TOTAL CAPACITY UTILIZATION
percent of capacity



The Business Roundtable

~~Attn~~ Brf Book Wed & Thurs -

Mtle, JK, B For The Qo.

MAR 7 1997

1615 L Street, N.W.
Suite 1100
Washington, D.C. 20036-5610
(202) 872-1260 Fax (202) 466-3509

February 26, 1997

acknowledge

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

In keeping with our quarter-century tradition, I am writing on behalf of the 200 members of The Business Roundtable to ask you to be the keynote speaker at our 25th Annual Meeting on Thursday, June 12, at the JW Marriott, in Washington, D.C. We have had the honor of being addressed by every sitting president -- yourself included -- in our 25-year history.

I know you are familiar with the Roundtable's work. The organization has a reputation for playing a constructive and creative role in the development of public policy. The CEOs devote considerable resources and personal time to advancing critical issues on which they believe they can make an important contribution. Our activities in support of NAFTA, GATT, and Fast-Track, balancing the federal budget, and our partnership with the governors throughout the country to stimulate systemic reform in K-12 education are examples of some of our efforts.

I hope that you will be able to join us. We would all very much enjoy having the opportunity to see you again. The Roundtable will follow up with your office to confirm your attendance. The meeting begins at 4:00 p.m., will conclude at 6:00 p.m., and is followed by a cocktail reception which we would be happy to have you join if time allowed. We will work to accommodate your schedule.

I have attached a list of our members for your reference. With best personal wishes, I am

Sincerely,

Don Fites

Donald V. Fites
Chairman & CEO
Caterpillar Inc.
Chairman, The Business Roundtable

The Business Roundtable

An association of Chief Executive Officers committed to improving public policy

Membership List

F. Duane Ackerman - BellSouth Corporation
Roger G. Ackerman - Corning Incorporated
William F. Aldinger - Household International, Inc.
Paul A. Allaire - Xerox Corporation
Robert E. Allen - AT&T
Ronald W. Allen - Delta Air Lines, Inc.
W. Wayne Allen - Phillips Petroleum Company
Rand V. Araskog - ITT Corporation
Nolan D. Archibald - The Black & Decker Corporation
Norman R. Augustine - Lockheed Martin Corporation
Keith E. Bailey - The Williams Companies, Inc.
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Donald R. Beall - Rockwell International Corporation
Hans W. Becherer - Deere & Company
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David L. Burner - The BFGoodrich Company
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William Cavanaugh, III - Carolina Power & Light Company
Paul W. Chellgren - Ashland Inc.
Dick Cheney - Halliburton Company
Philip M. Condit - The Boeing Company
E. Gary Cook - Witco Corporation
Luke R. Corbett - Kerr-McGee Corporation

A.D. Correll - Georgia-Pacific Corporation
Albert J. Costello - W.R. Grace & Co.
David A. Coulter - BankAmerica Corporation
Robert L. Crandall - AMR Corporation
Jack B. Critchfield - Florida Progress Corporation
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John T. Dillon - International Paper Company
Joseph L. Dionne - The McGraw-Hill Companies
E. Linn Draper, Jr. - American Electric Power Company
James L. Dutt - McDermott International, Inc.
Robert J. Eaton - Chrysler Corporation
Walter Y. Elisha - Springs Industries, Inc.
R. Keith Elliott - Hercules Incorporated
D.T. Engen - ITT Industries
Thomas J. Engibous - Texas Instruments Incorporated
Roger A. Enrico - PepsiCo, Inc.
James D. Ericson - Northwestern Mutual Life Ins. Co.
William T. Esrey - Sprint Corporation
Melvyn J. Estrin - FoxMeyer Health Corp.
Phillip W. Farmer - Harris Corporation
W. James Farrell - Illinois Tool Works Inc.
George M. C. Fisher - Eastman Kodak Company
Richard B. Fisher - Morgan Stanley & Co., Inc.
Donald V. Fites - Caterpillar Inc.
Peter H. Forster - DPL Inc.
H. Laurance Fuller - Amoco Corporation
Louis V. Gerstner, Jr. - IBM Corporation
Samir F. Gibara - The Goodyear Tire & Rubber Company
Raymond V. Gilmartin - Merck & Co., Inc.
Roberto C. Goizueta - The Coca-Cola Company
Steven F. Goldstone - RJR Nabisco
Harvey Golub - American Express Company
David R. Goode - Norfolk Southern Corporation
Melvin R. Goodes - Warner-Lambert Company
Joseph T. Gorman - TRW Inc.
Jeffrey P. Gotschall - SIFCO Industries, Inc.
Maurice R. Greenberg - American International Group, Inc.
Gerald Greenwald - UAL Corporation

Donald W. Griffin - Olin Corporation
William H. Grigg - Duke Power Company
Brian L. Halla - National Semiconductor Corporation
George J. Harad - Boise Cascade Corporation
James F. Hardymon - Textron Incorporated
Thomas C. Hays - American Brands, Inc.
Charles A. Heimbold, Jr. - Bristol-Myers Squibb Company
James A. Henderson - Cummins Engine Co., Inc.
Charles L. Henry - Schuller Corporation
Glen H. Hiner - Owens Corning
David H. Hoag - The LTV Corporation
Irvine O. Hockaday, Jr. - Hallmark Cards, Inc.
Harry G. Hohn - New York Life Insurance Co.
William J. Hudson, Jr. - AMP Incorporated
Ray R. Irani - Occidental Petroleum Corporation
Verne G. Istock - First Chicago NBD
Peter S. Janson - ABB Inc.
David A. Jones - Humana Inc.
Michael H. Jordan - Westinghouse Electric Corporation
William H. Joyce - Union Carbide Corporation
Harry P. Kamen - Metropolitan Life Insurance
James P. Kelly - United Parcel Service of America
Charles F. Knight - Emerson Electric Company
David H. Komansky - Merrill Lynch & Co., Inc.
L. Dennis Kozlowski - Tyco International, Ltd.
Robert D. Krebs - Burlington Northern Santa Fe Corp.
Jack Krol - DuPont Company
Arnold G. Langbo - Kellogg Company
Ralph S. Larsen - Johnson & Johnson
Charles R. Lee - GTE Corporation
Gerald M. Levin - Time Warner Inc.
Loida Nicolas Lewis - TLC Beatrice Inter. Holdings, Inc.
H. William Lichtenberger - Praxair, Inc.
George A. Lorch - Armstrong World Industries, Inc.
Vernon R. Loucks, Jr. - Baxter International Inc.
John A. Luke, Jr. - Westvaco
Edwin Lupberger - Entergy Corporation
Reuben Mark - Colgate-Palmolive Company
J. Willard Marriott, Jr. - Marriott International, Inc.
Arthur C. Martinez - Sears, Roebuck and Co.
Steven C. Mason - Mead Corporation
Samuel L. Maury - The Business Roundtable
W. Craig McClelland - Union Camp Corporation
Hugh L. McColl, Jr. - NationsBank Corporation
Richard D. McCormick - U S WEST

John B. McCoy - Banc One Corporation
Leslie G. McCraw - Fluor Corporation
Dana G. Mead - Tenneco, Inc.
Joseph J. Melone - The Equitable Companies, Inc.
Jack L. Messman - Union Pacific Resources
Ernest S. Micek - Cargill, Inc.
Roger Milliken - Milliken & Company
Edward F. Mitchell - Potomac Electric Power Company
Paul M. Montrone - Fisher Scientific Inter., Inc.
E. J. Mooney - Nalco Chemical Company
M. Thomas Moore - Cleveland-Cliffs, Inc.
Southwood J. Morcott - Dana Corporation
Joseph Neubauer - Aramark Corporation
Frank N. Newman - Bankers Trust New York Corporation
Richard C. Notebaert - Ameritech
Lucio A. Noto - Mobil Corporation
Paul H. O'Neill - Aluminum Company of America
Robert J. O'Toole - A. O. Smith Corporation
James E. Oesterreicher - J. C. Penney Co., Inc.
Richard E. Olson - Champion International Corporation
James F. Orr III - UNUM Corporation
Richard J. Osborne - ASARCO, Inc.
Robert B. Palmer - Digital Equipment Corporation
James L. Pate - Pennzoil Company
John E. Pepper, Jr. - The Procter & Gamble Company
Lawrence Perlman - Ceridian Corporation
James E. Perrella - Ingersoll-Rand Company
Dennis J. Picard - Raytheon Company
Joseph A. Pichler - The Kroger Company
Lewis E. Platt - Hewlett-Packard Company
Philip J. Quigley - Pacific Telesis Group
Bruce E. Ranck - Browning-Ferris Industries, Inc.
Lee R. Raymond - Exxon Corporation
John S. Reed - CITICORP
Oliver G. Richard, III - The Columbia Gas System, Inc.
John M. Richman - R. R. Donnelley & Sons Company
H. John Riley, Jr. - Cooper Industries, Inc.
James M. Ringler - Premark International, Inc.
Bert C. Roberts, Jr. - MCI Communications Corporation
Edward B. Rust, Jr. - State Farm Insurance Companies
Arthur F. Ryan - The Prudential Ins. Co. of America
Stephen W. Sanger - General Mills, Inc.
Philip G. Satre - Harrah's Entertainment, Inc.
Henry B. Schacht - Lucent Technologies
James P. Schadt - Reader's Digest Association, Inc.

Wolfgang R. Schmitt - Rubbermaid Incorporated
Richard Scott - Columbia/HCA Healthcare Corp.
Ivan G. Seidenberg - NYNEX Corporation
Robert B. Shapiro - Monsanto Company
Richard L. Sharp - Circuit City Stores, Inc.
Jeremiah J. Sheehan - Reynolds Metals Company
Walter V. Shipley - The Chase Manhattan Corporation
Charles R. Shoemate - CPC International, Inc.
A.J.C. Smith - Marsh & McLennan Companies
Frederick W. Smith - Federal Express Corporation
John F. Smith, Jr. - General Motors Corporation
Raymond W. Smith - Bell Atlantic Corporation
William D. Smithburg - The Quaker Oats Company
John W. Snow - CSX Corporation
John R. Stafford - American Home Products Corporation
William S. Stavropoulos - The Dow Chemical Company
William C. Steere, Jr. - Pfizer, Inc.
Daniel J. Sullivan - Caliber System, Inc.
Richard J. Swift - Foster Wheeler Corporation
Wilson H. Taylor - CIGNA Corporation
Robert A. Tinstman - Morrison Knudsen Corporation
Randall L. Tobias - Eli Lilly & Company
Gary L. Tooker - Motorola, Inc.
Alex Trotman - Ford Motor Company
Robert J. Ulrich - Dayton Hudson Corporation
James A. Unruh - Unisys Corporation
Thomas J. Usher - USX Corporation
Linda J. Wachner - Warnaco
Harold A. Wagner - Air Products and Chemicals, Inc.
Martin D. Walker - M.A. Hanna Co.
Douglas A. Warner, III - J. P. Morgan & Company, Inc.
Sanford I. Weill - Travelers Group
Robert E. Weissman - The Dun & Bradstreet Corporation
John F. Welch, Jr. - General Electric Company
Edward E. Whitacre, Jr. - SBC Communications, Inc.
Tony L. White - The Perkin-Elmer Corporation
David R. Whitwam - Whirlpool Corporation
J. Lawrence Wilson - Rohm and Haas Company
Kenneth L. Wolfe - Hershey Foods Corporation
Willis B. Wood, Jr. - Pacific Enterprises
John B. Yasinsky - Gencorp, Inc.
Douglas C. Yearley - Phelps Dodge Corporation

Daniel Wexler 05/02/97 03:16:51 PM

Record Type: Record

To: Stephanie S. Streett/WHO/EOP, Karin Kullman/WHO/EOP

cc:

Subject: The Business Roundtable

The best times for the President at the Business Roundtable for June 12 would be either 4:00 pm or 5:30 pm.

The 4:00 pm - 6:00 pm time frame is their only scheduled plenary session during their meeting.

Former President Bush and economist Lester Thorow are the other confirmed speakers at the moment. It would be my recommendation to have the President speak at the 5:30 time slot. He would then conclude the meeting.

4.4.97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 4, 1997

CONTACT: MICHELE JOLIN
CHIEF OF STAFF
(202) 395-5084

STATEMENT OF JANET L. YELLEN
CHAIR, COUNCIL OF ECONOMIC ADVISERS

Today's employment report indicates that the economy is continuing on a path of steady, sustainable expansion with strong job creation and low inflation. Nonfarm payroll employment increased by 175,000 in March. Employment growth has averaged 242,000 jobs per month over the first 3 months of this year. Since January 1993, the economy has created 11.9 million jobs.

The unemployment rate edged down to 5.2 percent, from 5.3 percent in February. This decline was in line with market expectations. The unemployment rate has now been below 6.0 percent for 31 consecutive months while inflation has remained low.

Average hourly earnings rose 0.4 percent in March. Over the past 12 months, average hourly earnings have increased 4.0 percent, meaning that American workers are experiencing real gains while inflation remains in check.

The economy is on a healthy and balanced course of low unemployment, low inflation and solid economic growth with all Americans increasingly sharing in the benefits of that growth. If we continue our path of cutting the deficit while investing more in our people through education and training, the economy will be in excellent shape to continue creating jobs and expanding economic opportunity for all Americans.

7.1.97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

July 1, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL AHM

SUBJECT: May Index of Leading Indicators, Conference Board Release, Tuesday, 10:00 a.m.

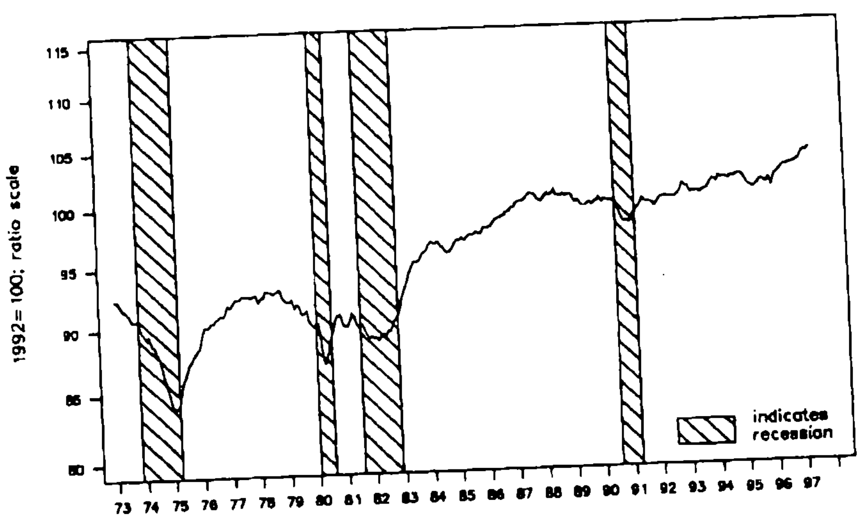
The composite index of leading indicators rose 0.3 percent to 103.8 (1992=100) in May, roughly in line with market expectations.

- Six of the 10 leading indicators rose in May. The most significant increases were (in order from the largest positive contributor to the smallest): stock prices, average weekly initial claims for state unemployment insurance, vendor performance, and index of consumer expectations.

- Four of the leading indicators fell in May. The most significant negative contributors were (from the most negative to the least): average workweek and the interest rate spread between 10-year Treasury bonds and the Federal funds rate.

The index of leading indicators has risen 1.1 percent since December and is consistent with continuing economic growth in the near term.

INDEX OF LEADING INDICATORS



7-1-97

PROPOSED REVENUE RAISERS (in millions of dollars)	1997-2002	1997-2007
Constructive sales treatment for apprecia f ial products	708	1,199
Disllowance of interest on indebtedness allocable to tax-exempt obligations	114	373
Gains and losses from certain terminations with respect to property (extinguishment doctrine)	117	242
Determination of original issue discount where pooled debt obligations subject to acceleration	1,311	1,857
Tax treatment of certain extraordinary dividends	(75)	352
Recognition of gain in certain section 355 transactions	1,459	1,848
Tax treatment of redemption involving related corporations	35	60
Modify holding period for dividends-received deduction	51	136
Registration and other provisions relating to confidential corporate tax shelters	170	392
Certain preferred stock treated as "boot"	195	249
Reporting of certain payments made to attorneys	12	31
Dec of threshold for reporting payments to corporations performing services for Federal agencies	34	93
Extend FUTA surtax and increase the statutory limit on the FUA Trust Fund from .25% of covered wages to .50%	6,376	6,736
Discl of return information for administration of certain Veterans' programs	116	304
Modify levy exemption and provide continuous levy on certain payments	1,271	1,732
Consistency requirement for returns of beneficiaries of estates and trusts	15	34
Extend airport and airway trust fund excise taxes	29,655	69,297
Reinstate LUST excise tax and extend	646	1,342
Flat excise tax on vaccines; allow new vaccines to be automatically covered	3	8
Modify control test and include attribution rules to determine UBIT consequences of certain payments from subsidiaries of tax-exempt organizations (not in Adm budget)	41	62
R 1986 Act grandfather rule for Mutual of America	32	78
Termination of suspense accounts for family farm corporations required to use accrual method of accounting	170	377
1-year carryback and 20-year carryforward for net operating losses (S-special rule for disaster areas)	3,518	5,194
Modification of treatment of company-owned life insurance - pro rata disallowance of interest on debt to fund life insurance	499	2,240
Repeal 14-day rule on rental of vacation properties	123	274
Expansion of requirement that involuntarily converted property be replaced with property acquired from an unrelated person	30	115
Repeal installment sales grandfather rules of 1986 Act	353	507
Inclusion of income from notional principal contracts and stock lending transactions under Subpart F	92	202
Further restrict like-kind exchanges involving foreign personal property	51	156
Impose holding period requirement for claiming foreign tax credits with respect to dividends	230	552
Lir on on treaty benefits for payments to hybrid entities	0	0
Treatment of income form certain sales of inventory as U.S. source income	37	105
Modify foreign tax credit carryover rules	1,925	3,391
Replace truck excise tax deduction for tire value with tax credit for excise tax paid on tires	452	978
Limitation on Charitable Remainder Trust annual payouts	5	10
TOTALS	49,971	100,526

6·27·97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

'97 JUN 27 AM 8:38

June 27, 1997

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: ALICIA H. MUNNELL AHM

SUBJECT: Final Estimate of First-Quarter GDP, Commerce Department Release, Friday, 8:30 a.m.

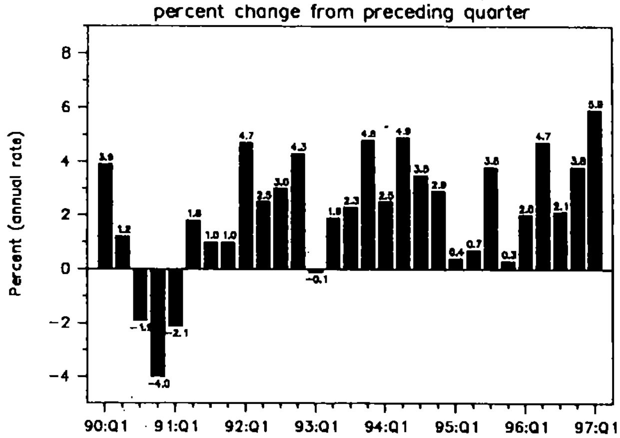
The Commerce Department's estimate of real GDP growth in the first quarter was revised up slightly to 5.9 percent at an annual rate from the preliminary estimate of 5.8 percent. The figure was close to market expectations.

- An upward revision to net exports was partially offset by a downward revision to inventories.
- As reported earlier, first-quarter growth was accounted for by large increases in consumption, business fixed investment, and inventory building.

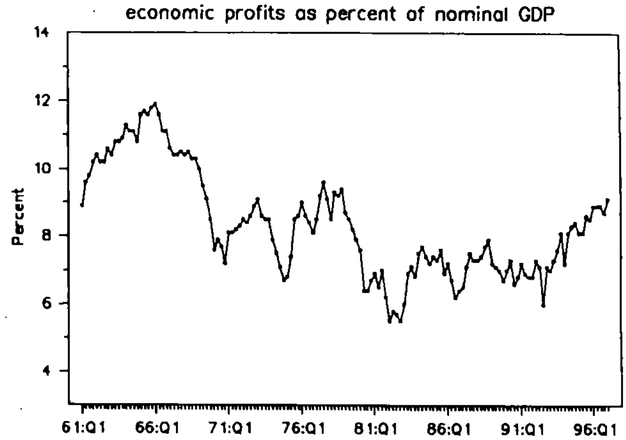
The revisions in this GDP report had been foreshadowed by recent statistical releases, and provided no surprises. Next Thursday's employment report will give us a clearer view of the second quarter, but we now expect real GDP growth around 2 percent at an annual rate.

Profits in the first quarter (excluding special factors) were up about $24 billion at an annual rate--a bit less than reported earlier. The profit share of GDP in the first quarter, at 9.1 percent, was the highest since 1978 (chart).

REAL GDP (CHAIN-TYPE)
percent change from preceding quarter



PROFIT SHARE OF GDP
economic profits as percent of nominal GDP



6·24·97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

June 24, 1997

MEMORANDUM FOR MICHAEL MCCURRY

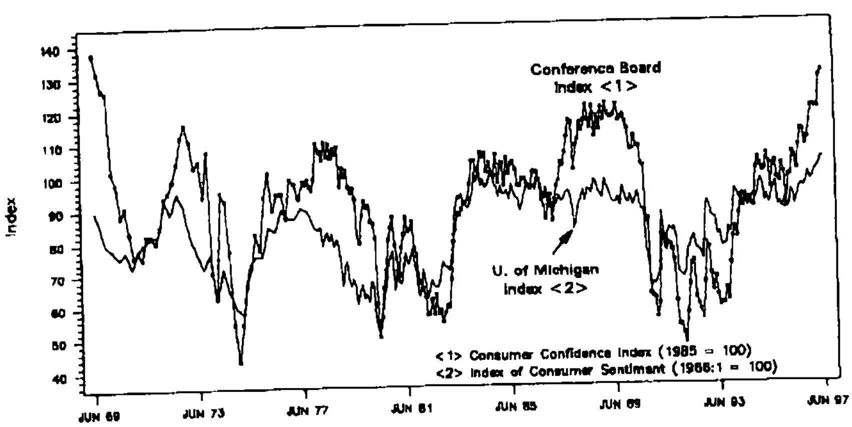
FROM: JEFFREY A. FRANKEL

SUBJECT: Consumer Attitudes: Conference Board Index of Consumer Confidence, Tuesday, 10:00 a.m., University of Michigan Index of Consumer Sentiment (Preliminary)

After jumping in May, both measures of consumer attitudes moved even higher in June. The Conference Board's index of consumer confidence rose 1.7 index points to its highest value since 1969. The University of Michigan's consumer sentiment index edged up 0.2 percentage point--to a level as high as it has ever been. Both series have been rising steadily since 1993.

- Both surveys continue to indicate that consumers are positive about their employment prospects. The Conference Board release shows that the proportion of people reporting unfavorable labor market conditions fell to an all-time low. The University of Michigan release indicated the least concern in nearly 10 years that unemployment would rise.
- The evaluation of the current situation continues to be strong in both surveys. The Conference Board's present situation index rose to its highest level since the 1960s; the University of Michigan's current conditions index was unchanged from last month and a bit below its record-high value in April.
- Consumer expectations about the future also remained at high levels in both surveys.
- The Michigan survey's median expectation for inflation during the next year remained around 3 percent, where it has been stable for about 5 years.

CONSUMER ATTITUDES



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

6/18/97

June 18, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: Productivity and Costs, First Quarter 1997 (revised), Labor Department Release, Wednesday, 10:00 a.m.

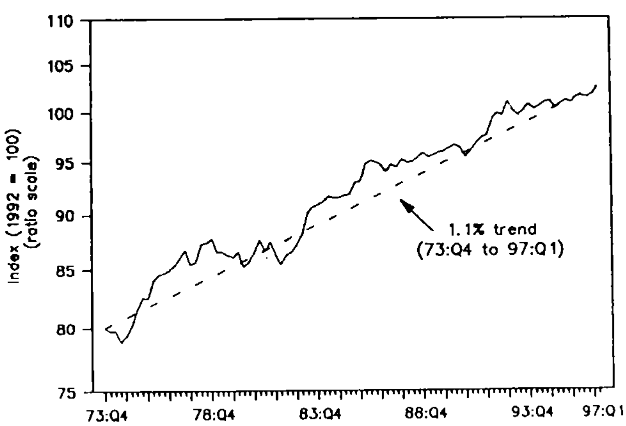
Productivity in the nonfarm business sector (output per hour worked) increased 2.6 percent at an annual rate in the first quarter, revised up from the preliminary estimate of 2.0 percent. (Output grew 7.0 percent, while hours worked rose 4.2 percent.)

- This official measure of productivity (derived from the product-side measure of output) grew 1.0 percent over the past four quarters, and has grown at a 0.6 percent annual rate since 1993:Q1.
- In contrast, figures computed from an income-side measure (which was the official measure until January 1996) show growth of 1.9 percent over the past year, and 1.5 percent annual growth since 1993:Q1. Neither measure is perfect; the truth probably lies in between.
- Since the business-cycle peak in 1990:Q3, the official productivity measure has grown at a 0.9 percent annual rate--slightly below the trend that has prevailed during the entire post-1973 period (chart at lower left).

Hourly compensation as reported in this release increased 4.0 percent over the past four quarters--up slightly from the year-earlier pace.

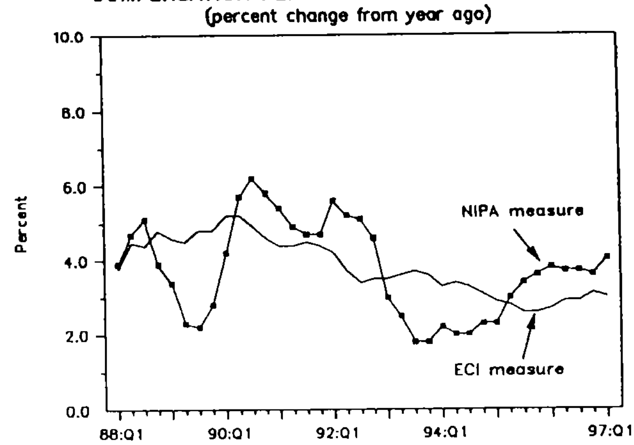
- Another measure of hourly compensation, from the employment cost index (released April 29), increased at a slower 3.0 percent pace over the past year (chart at lower right).

PRODUCTIVITY: NONFARM BUSINESS



Note: Data prior to 95:Q1 are subject to further revision.

COMPENSATION PER HOUR: NONFARM BUSINESS
(percent change from year ago)



Note: NIPA measure data prior to 95:Q1 are subject to further revision.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

June 13, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL

SUBJECT: Producer Price Indexes for May, Labor Department Release, Friday, 8:30 a.m.

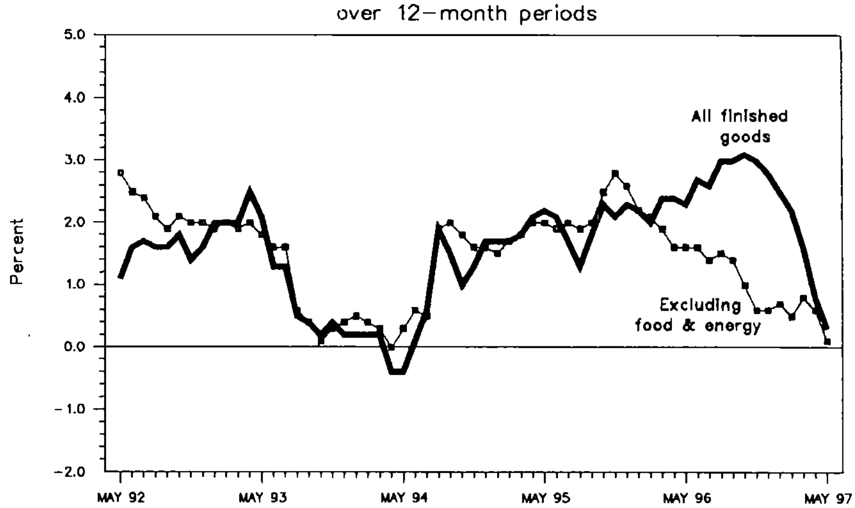
The producer price index for finished goods dropped 0.3 percent in May--the fifth consecutive month of decline. The market had expected a small increase. So far this year, producer prices have fallen 1.6 percent.

- Food prices rose 0.4 percent--reversing their decline in April. Coffee prices jumped sharply, and have increased 25 percent in the last 3 months.
- Energy prices continued to drop, falling 2.1 percent in May. So far this year, energy prices have fallen 9 percent.

The core PPI (finished goods less food and energy) fell 0.3 percent in May; the market had expected a slight increase. Price declines were broad-based, with an especially large decline (1.1 percent) posted for motor vehicles.

This PPI report shows a remarkable degree of price stability. The core PPI is essentially unchanged over the last 12 months--compared to an increase of 1.6 percent over the year-earlier period. The fall in energy prices has brought the overall PPI back into line with the core. Next week's CPI will present a more complete picture.

PRODUCER PRICE INFLATION
over 12-month periods



6/6/97

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release June 6, 1997

Statement by the President on the Economy

Four years ago, we put in place an economic strategy that has helped give America the strongest economy in the world. That strategy had three critical components: cutting the budget deficit, making smart investments in education, the environment, and our children, and opening new markets through tough trade agreements.

Today, we received one more piece of solid evidence that this invest-and-grow strategy is working. We learned that our economy added 138,000 new jobs, and that unemployment dropped to 4.8 percent, the lowest in 24 years. The American economy has now added 12.3 million new jobs since I took office, and unemployment has now been below 6 percent for almost three years. America's economy is the strongest it has been in a generation.

Now we must press forward with the economic strategy that we adopted in 1993 and that has helped create the conditions for sustained growth. The balanced budget agreement I reached with leaders of Congress embodies our strategy. It is a balanced budget that is in balance with our values, and yesterday's strong endorsement of it by the House and Senate ratifies that economic strategy. This bipartisan action is a hopeful sign that both parties can work together to keep our economy growing. I look forward to working with leaders of both parties to write our balanced budget plan into law.

The progress of the balanced budget shows what America can accomplish when we reach across party lines and work together. Unfortunately, the Republican leaders of Congress have chosen the path of partisanship and confrontation in their actions on the disaster relief bill. Because Congressional leaders chose to attach unacceptable political items to vital disaster relief legislation, I have no choice but to veto that measure. Once again, I call on the Congress to honor the sacrifice, and aid the recovery, of the families in the Dakotas, Minnesota, and across the country by passing straightforward disaster relief legislation and sending it to my desk.

-30 30 30-

'97 JUN 6 AM 7:59

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

June 6, 1997

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: JEFFREY A. FRANKEL

SUBJECT: Employment and Unemployment in May, Labor Department Release, Friday, 8:30 a.m.

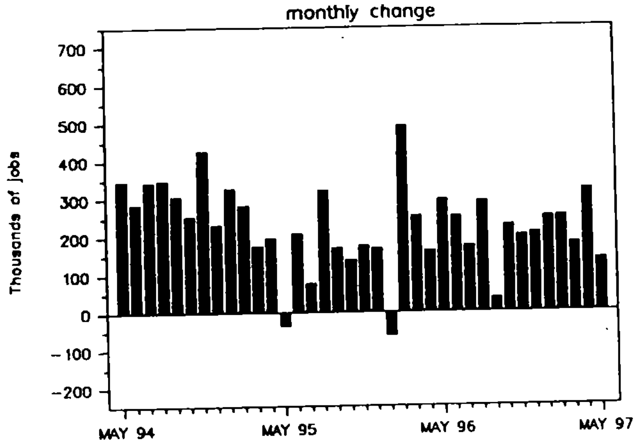
The unemployment rate fell 0.1 percentage point in May to 4.8 percent--lower than market expectations. This is the lowest unemployment rate since 1973.

Nonfarm payroll employment rose 138,000 in May--weaker than market expectations. Since January 1993, payroll employment has increased 12.3 million.

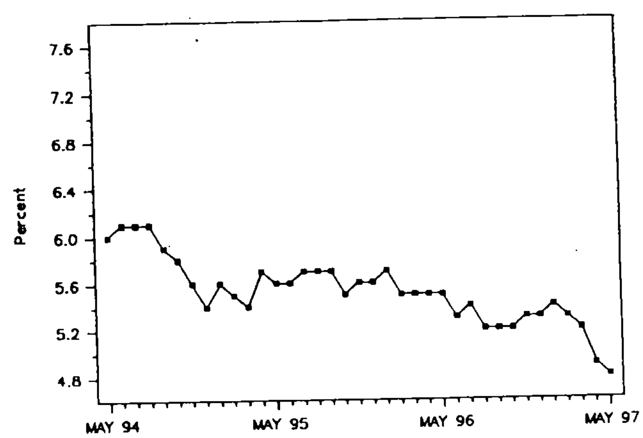
- Private employment rose 166,000--below the 236,000 per month pace during the first 4 months of the year. May employment growth was strong in services (up 125,000) and construction (up 23,000), but down slightly (5,000) in manufacturing.
- Average hourly earnings rose 0.3 percent in May--about in line with market expectations. Earnings have increased 3.8 percent over the past 12 months--up from a 3.3 percent increase during the year-earlier period.
- Aggregate production-worker hours rose 0.3 percent. With 2 out of 3 months of the quarter known, it appears that hours in the second quarter will be up at about a 1½ percent annual rate. We expect these hours to support GDP growth at about a 2½ to 3 percent annual rate.

Once per year, the BLS aligns its sample with the better measure of employment reported from the unemployment insurance system--and updates its seasonal factors. A year ago, this process led to a huge upward revision. This year, in contrast, the revisions were generally small--but some month-to-month changes were affected.

NONFARM PAYROLL EMPLOYMENT
monthly change



CIVILIAN UNEMPLOYMENT RATE



The Economy Remains On The Right Track: Low Unemployment and Strong Job Growth

June 6, 1997

TODAY'S DATA SHOWS THAT THE UNEMPLOYMENT RATE HAS FALLEN TO ITS LOWEST LEVEL IN 24 YEARS. AND THE ECONOMY HAS CREATED 12.3 MILLION JOBS SINCE JANUARY 1993. THE ECONOMY CONTINUES TO EXPERIENCE STRONG GROWTH WITH LOW INFLATION.

- **Unemployment -- At 4.8% -- Is the Lowest Since 1973.**
  - The April unemployment rate reached 4.8% -- its 33rd consecutive month below 6% and the lowest monthly rate since October 1973. In 1992, the unemployment rate was 7.5%. [Source: BLS.]
  - The combined rate of unemployment and inflation has been lower under President Clinton than any other Administration since Lyndon Johnson was President. [Source: Based on data from BLS.]

- **12.3 Million New Jobs.**
  - During the Clinton Administration, the economy has added 12.3 million new jobs -- a faster annual rate of job growth (2.5 percent per year) than *any* Republican Administration since the Roaring 1920s. [Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics survey.]
  - The economy has added 2.5 million jobs over the past year.

- **Strong Private-Sector Job Growth.**
  - Over the past year, the private sector has added 2.4 million jobs -- almost twice the private-sector jobs than during the entire four-year period before President Clinton took office. [Source: Based on data from BLS.]
  - 93 percent of the 12.3 million new jobs under President Clinton have been in the private sector. [Source: Based on data from BLS.]

- **Turning The Corner In Basic American Industries.**
  - After losing 667,000 jobs in construction during the previous four years, 1.1 million new construction jobs have been added since January 1993 -- that's a faster annual rate than any other Administration since Harry S Truman was President.
  - After losing 35,000 jobs in the auto industry during the Bush years, we have 100,000 new auto jobs since President Clinton took office. [Source: Bureau of Labor Statistics, Current Employment Statistics survey.]

**LAST WEEK, WE LEARNED THAT THE ECONOMY GREW BY 5.8 PERCENT AT AN ANNUAL RATE IN THE
FIRST QUARTER -- THE FASTEST IN A DECADE -- WHILE INFLATIONARY PRESSURES REMAIN LOW.**

EXPERTS AGREE THAT THE AMERICAN ECONOMY IS STRONG:

- ***Fortune*, 6/9/97**: "Business is booming, inflation is falling, jobs are plentiful, and American industry is way out in front. The U.S. economy is stronger than it's ever been before."
- **Allen Sinai, one of America's top economic forecasters, 4/30/97:** ``Job growth is good. Real income is rising. Sentiment is high. Unemployment is the lowest in years. Times are good for American consumers."
- **Mickey Levy, chief economist, NationsBank, 2/1/97:** "It's really the best of all worlds. Growth at a healthy pace, but with the economy not overheating and continued very favorable news on inflation."

5.19.97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

'97 MAY 16 AM 8:52

May 16, 1997

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: JEFFREY A. FRANKEL Jeff A Frankel

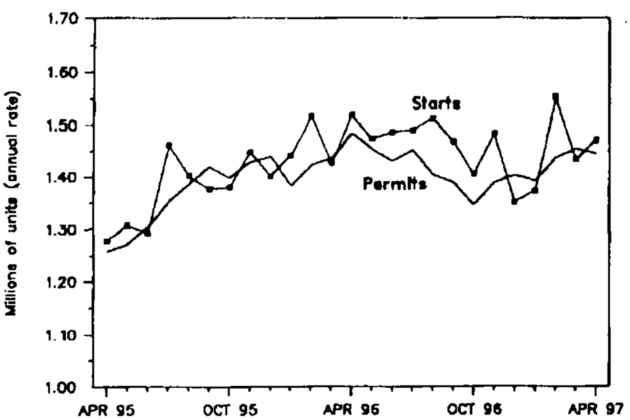
SUBJECT: March Housing Starts, Commerce Department Release, Friday, 8:30 a.m.

Housing starts and permits were both maintained at fairly high levels in April. Housing starts rose 3 percent to an annual rate of 1.473 million units, while permits edged down 1 percent to 1.446 million units. Both figures were a bit above market expectations.

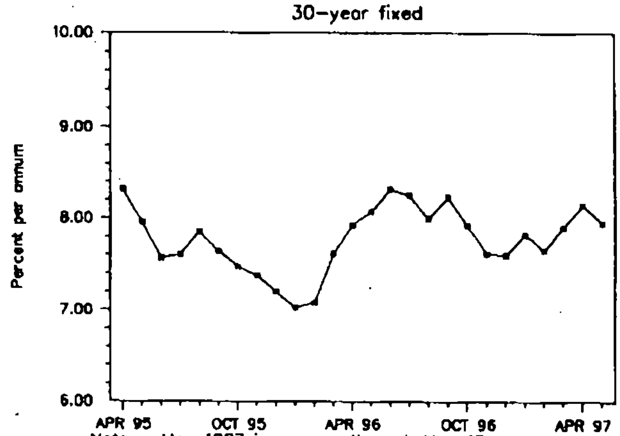
- Most of the April increase in starts was in the volatile multifamily category.
- The decline in total permits was entirely accounted for by a drop in multifamily permits. The single-family category rose.

Starts and permits were both somewhat higher thus far in 1997 relative to their levels in the fourth quarter of 1996--foreshadowing continued moderate increases in residential construction.

HOUSING STARTS AND BUILDING PERMITS



MORTGAGE COMMITMENT INTEREST RATE
30-year fixed



Note.--May 1997 is average through May 15.

5·19·97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

'97 MAY 15 AM 8:58

May 15, 1997

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: ALICIA H. MUNNELL

SUBJECT: Consumer Price Indexes for April, Labor Department Release, Thursday, 8:30 a.m.

The consumer price index increased 0.1 percent in April, in line with market expectations.

- Energy prices fell 1.5 percent--after a similar decline in March.

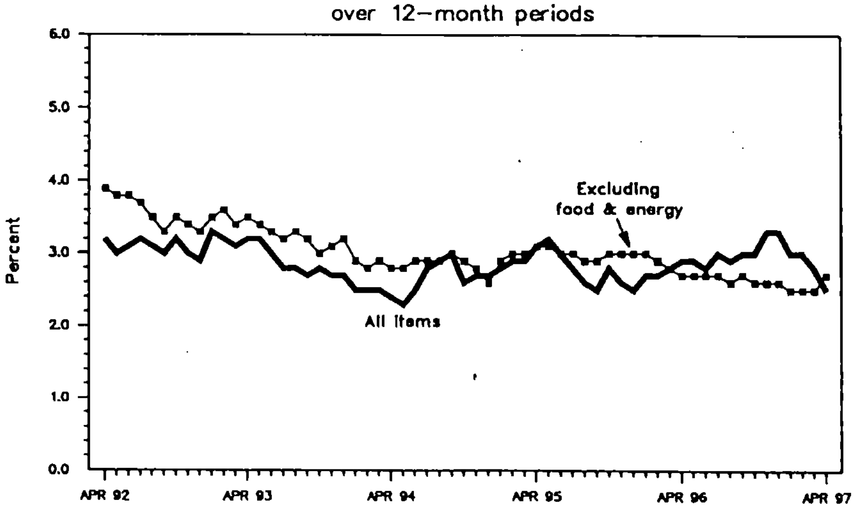
- Food prices edged down 0.2 percent.

The core CPI (which excludes food and energy) increased 0.3 percent in April, slightly above market expectations. The index was boosted by large price increases in tobacco and apparel commodities. Apparel prices had been flat or in decline for 3 years, and this was their first significant increase.

The core CPI increased 2.7 percent over the 12 months ending in April--unchanged from the year-earlier pace. Food and energy prices, which had boosted inflation in 1996, have fallen thus far in 1997 so that total CPI inflation has now slowed to only 2.5 percent over the past 12 months (chart).

This report, together with yesterday's PPI, indicates that inflation remains under control. Nevertheless, the uptick to a 0.3 percent increase in the core CPI from a 0.2 percent per month average over the previous 12 months may raise a few eyebrows.

CONSUMER PRICE INFLATION
over 12-month periods



5·19·97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

May 15, 1997 '97 MAY 15 AM 8:58

MEMORANDUM FOR WHITE HOUSE SENIOR STAFF

FROM: ALICIA H. MUNNELL

SUBJECT: Industrial Production and Capacity Utilization in April, Federal Reserve Release, Thursday, 9:15 a.m.

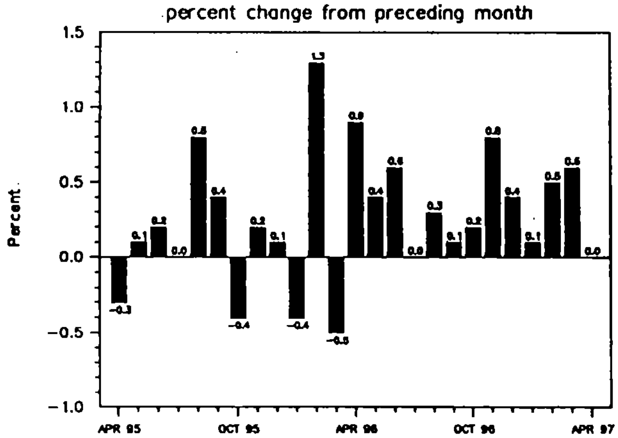
The Federal Reserve's index of industrial production was unchanged in April--a bit below market expectations. The March increase was revised down to 0.6 percent from the previous estimate of 0.9 percent.

- o Manufacturing output edged down 0.2 percent primarily because of strikes in the motor vehicles industry. Outside of motor vehicles, durables production increased moderately, with sizable gains in computers and semiconductors. Nondurables production edged down 0.1 percent.

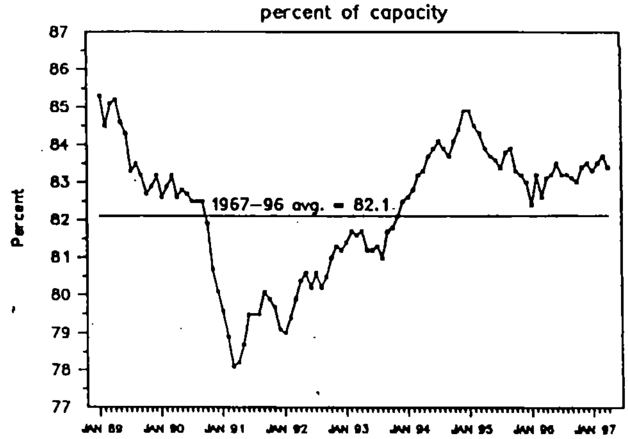
- o Production by utilities increased sharply due to relatively cool weather in April.

Capacity utilization edged down 0.3 percentage point to 83.4 percent in April--a bit below market expectations. The April level is only slightly higher than the rate associated with stable inflation.

TOTAL INDUSTRIAL PRODUCTION
percent change from preceding month



TOTAL CAPACITY UTILIZATION
percent of capacity



5-14-97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

May 14, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL

SUBJECT: Producer Price Index for April, Labor Department Release, Wednesday, 8:30 a.m.

The producer price index for finished goods dropped 0.6 percent in April--the fourth consecutive month of decline. The market had expected only a small decline. Energy prices fell sharply while indexes for food and the core PPI also dropped.

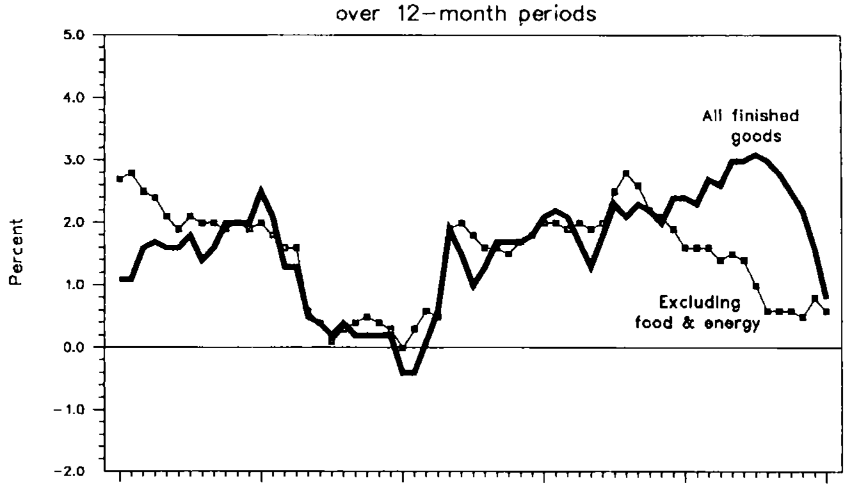
- Food prices fell 0.4 percent--reversing part of a large increase in March.

- Energy prices tumbled 2.6 percent--the third consecutive month of significant declines. Over this period, much of this decline was accounted for by gasoline and fuel oil prices.

The core PPI (finished goods less food and energy) fell 0.1 percent in April. Significant declines were posted for motor vehicles and capital equipment.

The core PPI has increased only 0.6 percent over the past 12 months--down from 1.6 percent during the year-earlier period. The total PPI--which had been elevated last year by transitory increases in food and energy prices--has slowed to a similar pace (chart). Thus, these data continue to indicate that inflation remains under control. Tomorrow's CPI will present a more complete picture.

PRODUCER PRICE INFLATION
over 12-month periods



5·13·97

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

MEG, BT, JL

May 13, 1997

MEMORANDUM FOR MICHAEL MCCURRY

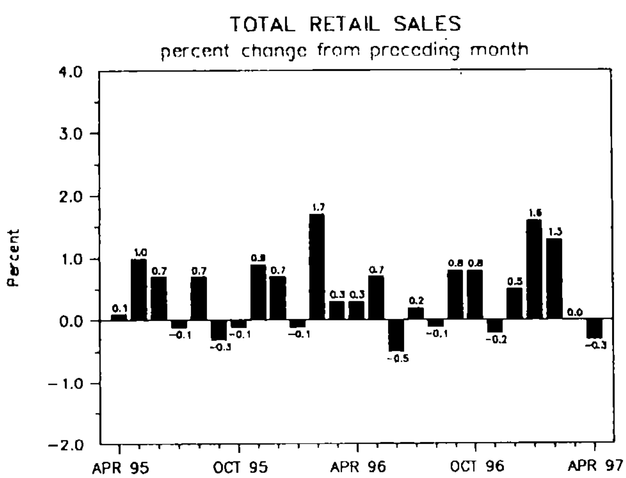
FROM: ALICIA H. MUNNELL

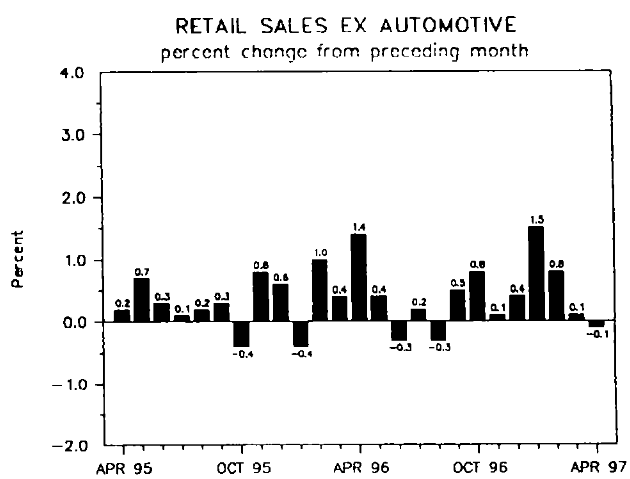
SUBJECT: April Retail Sales, Commerce Department Release, Tuesday, 8:30 a.m.

Nominal retail sales fell 0.3 percent in April, in line with market expectations. This follows very strong growth in the last quarter.

- Sales at auto dealers fell 0.9 percent--roughly consistent with unit sales as reported by the automakers.
- Excluding motor vehicles, retail sales fell 0.1 percent in April; the market had expected an increase.
- Revisions to earlier data suggest a small downward revision to first quarter personal consumption expenditures.

These data reinforce the view that the economy is slowing from the rapid expansion of the first quarter.





4·30·97

GUIDANCE ON GDP/ECONOMY/INFLATION
APRIL 30, 1997

Q: Is the economy growing too quickly?

A: Clearly, this was a strong quarter --the best in a decade. These figures certainly fluctuate some from quarter to quarter, but there is no doubt that the President's economic policies have put the economy on a very sound footing. Our deficit reduction package has helped spur growth, and that growth has, in turn, helped cut the deficit dramatically. Investment is booming, and that helps lay the groundwork for long-term growth. At the same time, inflation remains subdued.

Q: Is the inflation in this report of concern?

A: Historically, inflation remains quite subdued. The core rate of consumer inflation is now the lowest it's been in 31 years. There are some technical reasons behind the inflation number is this report that suggest that inflation remains under control despite this particular statistic. Not being an economist, I'd like to refer you to CEA for any follow-up.

Q: Does this make it more likely that the Fed will raise rates in May?

A: That is up to the Fed.

SIEWERT/TOIV

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

April 30, 1997

STATEMENT BY THE PRESIDENT

Today, we have received positive news about the nation's economy -- more strong growth with moderate inflation. In the first quarter of this year, the economy grew 5.6 percent on an annualized basis -- the highest in a decade. That means more jobs and better wages for American workers, and stronger profits for businesses -- both large and small. Our sound fiscal policies, together with the hard work of the American people, have sparked a remarkable period of economic expansion and job creation. It is imperative that we pass a bipartisan balanced budget agreement to continue this solid economic progress.

Just more than four years ago, we inherited a deficit that was nearly $300 billion, and we have cut it by 63 percent already. While it is still too early to know for certain, our economic policies and this year's healthy growth may help us cut the deficit for the fifth straight year -- for the first time in 50 years. Now, it's time to finish the job and balance the budget.

-30-30-30-

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

April 30, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL

SUBJECT: Advance Estimate of First-Quarter GDP, Commerce Department Release, Wednesday, 8:30 a.m.

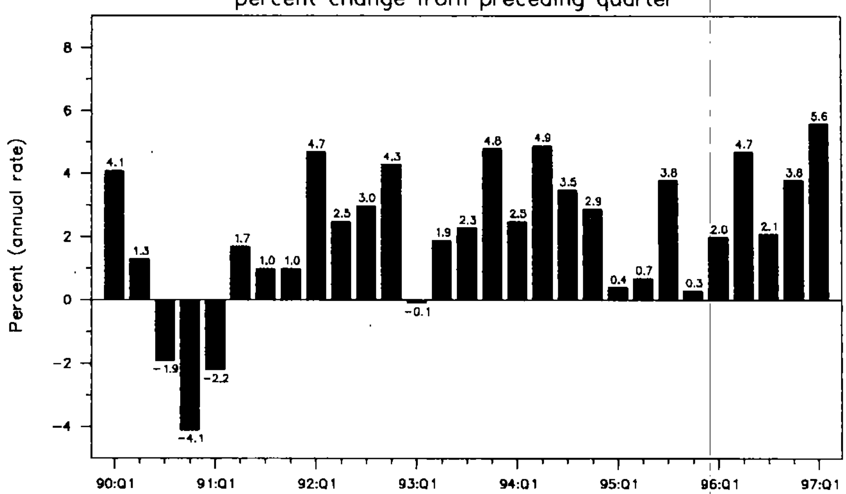
Real GDP is estimated to have grown at a 5.6 percent annual rate in the first quarter--well above market expectations. Growth was fueled by huge increases in consumption and business equipment investment as well as by a pickup in inventory building.

- The 6.4 percent increase in consumption had been foreshadowed by the retail sales report. Real disposable income grew at the same pace and the saving rate was unchanged.

- Partially offsetting the strength elsewhere, the foreign sector subtracted 1.8 percentage points from GDP growth in the first quarter--after contributing 2.2 percentage points in the fourth quarter. Large increases in consumption often bring in lots of imports.

Prices, as measured by the index for GDP, increased at a 2.7 percent annual rate in the first quarter--up from 1.9 percent in the fourth quarter and more than market expectations. The acceleration in the first quarter was a statistical artifact and was accounted for by a decline in oil import prices that has not yet had time to work its way through to prices of finished goods. The price index for gross domestic purchases, which excludes the foreign sector and does not have this problem, increased at a 2.2 percent rate in the first quarter.

REAL GDP (CHAIN-TYPE)
percent change from preceding quarter



Note: Data prior to 93:Q2 are subject to small revisions.

4·23·97

GUIDANCE ON NEW DEFICIT NUMBERS
APRIL 23, 1997

Q: **Treasury has released new numbers on the deficit that show it running below your projections. Will the White House revise its deficit estimate for this fiscal year?**

A: At the half-year mark, the deficit is running about 13% below last year's deficit, which ended up being the lowest since 1981. **It's still too early to determine whether we will lower our official deficit projection for the entire year. April is a critical month**, and we typically wait until the summer's Midsession Review before updating our forecast.

What the figures do show is that the President's economic strategy is working even better than we had hoped. The deficit reduction plan President Clinton signed in 1993 --without any Republican help --has cut the deficit by 63% and it is now a smaller share of GDP than any other major economy in the world. Now, the President is working with budget leaders in Congress to find a bipartisan plan that will finish the job.

Q: **Won't the lower deficit smooth the way for these balanced budget talks?**

A: It's too early to tell. **It does seem that, once again, data are showing that our deficit projection may be too conservative. If that turns out to be true, it's further proof of the budget office's great track record under President Clinton.**

(**If asked about OMB/CBO**) The President's budget office has been more accurate than CBO when it comes to projecting the deficit. **At the same time, they have been appropriately conservative each year.** On average, the deficit has been $50 billion lower every year than OMB projected. It is difficult to understand why Republicans would insist on using CBO numbers for a balanced budget plan when OMB has been so consistently accurate.

SIEWERT (Modified by Toiv)

4-16-97

GUIDANCE ON BUDGET/CAP GAINS/TAXES
APRIL 16, 1997

* Negotiations continued yesterday on Capitol Hill, and the White House representatives will again be on the Hill today to continue discussions. Yesterday's primary subject was other mandatory programs, and they also discussed the President's proposals for targeted education tax incentives. Today, they will be going over a variety of issues that have already been under discussion.

* We still hope and expect that there will be an appropriate time soon for the bipartisan Congressional leaders to come and meet with the President, as the President envisioned when he kicked off this process a few weeks ago.

* **~~That meeting could still take place this week, although I wouldn't really count on that at this time~~**. And a meeting this week is not essential. **Next week is certainly a possibility**, although the Jewish holidays on Monday and Tuesday would probably push the process back a couple days at least. CAN'T SPECULATE.

* Whether it's this week or next week is not nearly as important as whether discussions continue to show progress. And the talks have been useful.

* With regard to taxes, we certainly have had taxes under discussion. Yes **(if asked)** the Chief of Staff has conversations with a number of members of Congress, including Mr. Armey, to listen to their views on these subjects. **However, neither his conversations nor the negotiations themselves have resulted in any sort of agreement, implicit or otherwise.**

* As Mr. Armey said, there are a number of common areas in the Republican tax proposal and the President's, including a $500 child tax credit, expansion of IRA's to promote saving, capital gains relief **(stress ours is for homeowners)**, and estate tax relief **(stress ours is for small businesses and family farms)**.

* **There continue to be significant differences between us on the specifics** in each of these areas, and there are a number of areas where only one side has a proposal, such as our education incentives.

* **(If asked)** Specifically with regard to capital gains, **when Congressman Armey mentions a 50% cut, he apparently is making reference to a Republican proposal. It is only that. We continue to believe our targeted capital gains relief for homeowners makes the greatest sense.** Obviously, though, we said from the start that both sides would need to listen to ideas from the other side. **(Important. Don't show any give on this.)**

TOIV
Reviewed by Sperling

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

Note Mc Return for briefing growth.

March 10, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELL AHM

SUBJECT: Blue Chip Economic Indicators, March
****Embargoed Until Monday, March 10, 1997****

The Blue Chip March consensus forecast for real GDP growth in 1997 was revised up to 2.6 percent. This month's report also contains the biannual Blue Chip long-range forecast.

- The panel revised up its forecast of real GDP growth for 1998 through 2002 to 2.3 percent, slightly higher than the Administration's forecast of 2.2 percent.

- The panel's average forecast for the GDP price index for 1998 through 2002 was unchanged at 2.6 percent, exactly the same as the Administration's forecast.

- The panel's average forecast for nominal GDP growth for 1998 through 2002 was revised up from 4.8 to 5.0 percent, slightly higher than the Administration's 4.9 percent.

- The panel revised down its long-term forecast of unemployment, and revised up its long-term forecast of CPI inflation. Its forecasts for both variables are still higher than the Administration's.

Blue Chip March 1997 Forecasts vs. Administration Forecasts

ECONOMIC INDICATOR (percent, year over year)	Year	Blue Chip March Forecast	Administration 1998 Budget Forecast
Real GDP growth (chain-weight)	1997 1998 1998-2002	2.6 2.1 2.3	2.2 2.0 2.2
Nominal GDP growth	1997 1998 1998-2002	4.8 4.6 5.0	4.8 4.7 4.9
CPI change	1997 1998 1998-2002	2.9 3.0 3.1	2.7 2.7 2.7
Unemployment rate (annual avg.)	1997 1998 1998-2002	5.4 5.5 5.7	5.3 5.5 5.5

GROWTH RATE 1/23/97

Q: FOLLOW: WILL THE ECONOMY GROW FASTER THAN 2.5 PERCENT? IF SO, HOW MUCH FASTER?

A: I believe we can grow faster, if we continue to cut the deficit, which boosts growth and investment by reducing interest rates, and invest in education, which makes our workers more productive. But a quantitative estimate of precisely how much faster would be a guess, and that wouldn't be helpful -- the important point is that, by doing the right things, we can grow faster.

I would also note that for budgetary purposes, the Administration has always adopted conservative forecasts. These forecasts are used to project Federal revenues and outlays, and we have maintained conservative forecasts in order to be responsible and avoid rosy scenarios on the budget. But we believe the economy can grow faster.

Sperling 62620

12-9-96
Economy

CPI 12/9/96

Q. Didn't the Administration stake out new ground on the CPI this weekend in Secretary Rubin's and Director Raines' comments embracing the Boskin Commission's notion that we have to fix the CPI.

A. **Lead Response to Any CPI Question.** Yesterday, we heard that 4 key people on both sides: Rubin, Raines, Kasich, and Domenici all agree that this really needs to be a situation of getting the numbers right, regardless of politics or the budget process.

Nothing new was said over the weekend by Secretary Rubin or Director Raines. The Administration position remains the same:

- We should not rule out a change in the cost-of-living adjustment if, based on technical analysis, there's a broad-based agreement that there is a better and more accurate measure of the cost-of-living
- We should allow time for experts around the country in the private and public sector to digest and analyze the Boskin report and other similar reports and studies.
- The Administration has always stated that the question that must be asked is: Based on science and technology -- taken out of politics -- can we improve the CPI so that it better measures inflation?

Q. What did Rubin mean by saying that "Boskin got it right?"

A. The Secretary was only referring to the part of the report that said these are very serious issues and that the best way to treat their their report is for the best technical and scientific experts in the private and public sector to digest this report, analyze this report, and reach their own conclusions, and make their own recommendations.

Secretary Rubin did not embrace any specific recommendation of the Boskin commission.

Q. Does that mean you do or do not think will be part of budget process this year

A. The critical thing is that this be a technical, scientific inquiry to see where there is broad agreement among experts. I don't think anybody knows about whether such a broad technical agreement can be reached in a way that would be helpful to the balanced budget process. But we all think it should be looked at as a separate technical judgement.

Q. Would you be willing to have a legislative fix on CPI?

A. At this point we are interested in looking for broad technical agreements. That is the first step. At this point, we are not ruling in or out any particular means to how any adjustments will be made.

Our Administration is open to seeing where we can get broad agreement among experts as to the best CPI adjustment. The timing of when such an agreement can or cannot be reached cannot be determined at this time.

Drafted/approved: Sperling 62620

12-6-96
economy

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

THE CHAIRMAN

FOR IMMEDIATE RELEASE
FRIDAY, DECEMBER 6, 1996

CONTACT: MICHELE JOLIN
CHIEF OF STAFF
(202) 395-5084

STATEMENT OF JOSEPH E. STIGLITZ
CHAIRMAN, COUNCIL OF ECONOMIC ADVISERS

Unemployment edged up from 5.2 percent in October to 5.4 percent in November. Nonfarm payroll employment increased 118,000 in November. Since January 1993, payroll employment has increased 10.9 million.

Private-sector employment rose 140,000, with gains among all the major sectors. At the same time, government employment declined 22,000. This report continues a pattern in which strong private-sector employment growth more than offsets the downsizing of government.

Average hourly earnings rose a strong 0.8 percent in November, although this is a highly volatile series. Over the past 12 months, average hourly earnings increased 3.5 percent--up from the 3.2 percent over the year-earlier period. This rate of increase of earnings represents real gains for American workers, while not posing any threat of inflationary pressures.

Today's report confirms that the economy is moving forward at solid, sustainable levels with low unemployment, moderate inflation, solid economic growth and all Americans increasingly sharing in the benefits of that growth.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: Industrial Production and Capacity Utilization in August, Federal Reserve Release, Tuesday, 9:15 a.m.

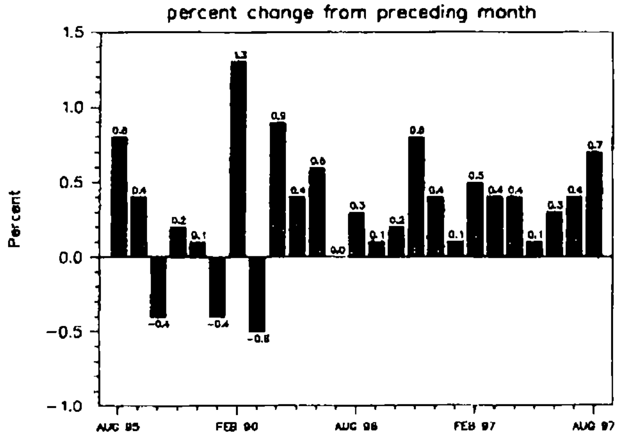
The Federal Reserve's index of industrial production increased 0.7 percent in August, after a 0.4 percent rise in July. The August increase was slightly more than market expectations.

- Manufacturing output rose 1.0 percent primarily because of a 10 percent jump in the assembly of motor vehicles. However, most other major manufacturing industries also posted sizable gains.

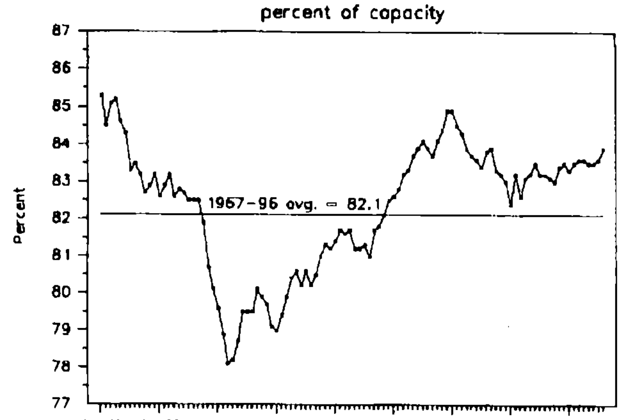
- Output of utilities fell 1.1 percent in August due to unseasonably cool weather.

Capacity utilization rose 0.3 percentage point, to 83.9 percent--its highest rate since September 1995. The August level was above market expectations and is about equal to the rate associated with steady inflation.

TOTAL INDUSTRIAL PRODUCTION
percent change from preceding month



TOTAL CAPACITY UTILIZATION
percent of capacity



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

September 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL JF

SUBJECT: Consumer Price Indexes for August, Labor Department Release, Tuesday, 8:30 a.m.

The consumer price index increased 0.2 percent in August, a bit below market expectations.

- Energy prices jumped 1.7 percent in August, as gasoline prices rose 5.4 percent. Weekly data point to a smaller increase in September.

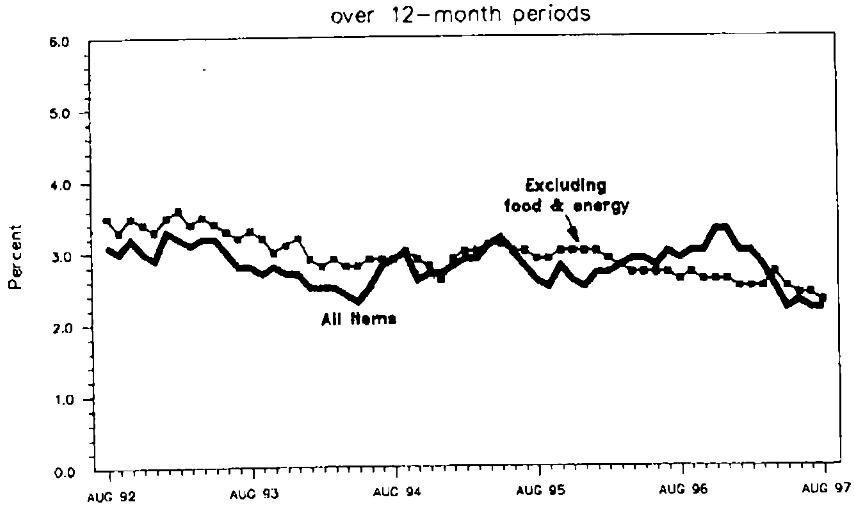
- Food prices rose 0.4 percent. Over the past year, food prices have increased at about the same pace as the core CPI.

The core CPI (which excludes food and energy prices) edged up just 0.1 percent in August--also a bit below market expectations. Core commodity prices were especially weak--falling 0.3 percent in August; they increased just 0.6 percent over the past year--down from a 1.0 percent increase during the year-earlier period.

The core CPI increased 2.3 percent over the 12 months ending in August--down from the 2.6 percent year-earlier pace and the lowest 12-month change since 1966. Over the past 12 months, the total CPI rose 2.2 percent--down from its 2.9 percent pace of a year earlier.

This report indicates that inflation remains under control.

CONSUMER PRICE INFLATION
over 12-month periods



4.4.97

MHC, MEG, BT, LM, JL

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

April 4, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL Jeff A Frankel

SUBJECT: Employment and Unemployment in March, Labor Department Release, Friday, 8:30 a.m.

Nonfarm payroll employment increased 175,000 in March--a bit less than market expectations. Over the first 3 months of the year, employment growth averaged 242,000 per month--faster than the 216,000 per month pace in 1996. Since January 1993, payroll employment has increased 11.9 million.

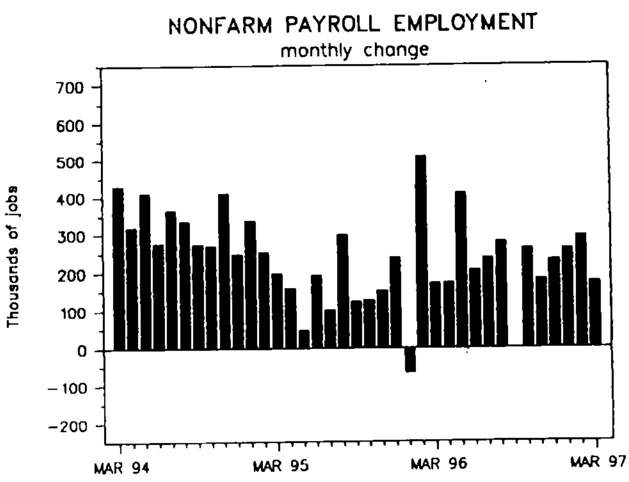
- Private employment increased 194,000 in March, with sizable increases in the service-producing sectors. Factory employment posted a modest increase in March and has increased 74,000 since September--after a long period of decline. Construction employment, although down in March, has shown strong growth in recent months.

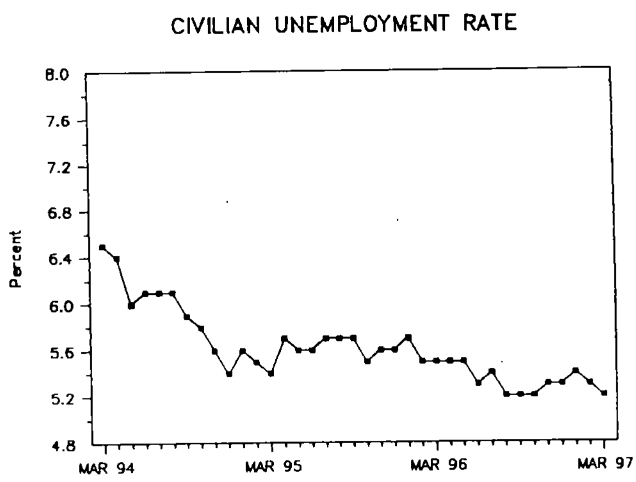
- Average hourly earnings rose 0.4 percent in March, and have increased 4.0 percent over the past 12 months--up from 3.2 percent during the year-earlier period.

- Production-worker hours rose at a 3.5 percent annual rate for the first quarter as a whole.

As measured by the household survey, the unemployment rate edged down 0.1 percentage point to 5.2 percent in March--in line with market expectations. The unemployment rate has been stable at around 5.3 percent since June.

- The labor force participation rate has picked up recently, especially for black women.





THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **February 7, 1997**

STATEMENT BY THE PRESIDENT

Today, we learned that during the full four years of my first term, the economy added 11.5 million new jobs -- the first time any Administration has ever created more than 11 million jobs, and well above the 8 million new jobs I had set as our goal. The combined rate of unemployment and inflation was lower than during any other Administration since Lyndon Johnson was President. And the deficit fell by 63 percent, from $290 billion in 1992 to $107 billion in 1996. Now, we must continue our work of balancing the budget while investing in people. The Budget I released yesterday will balance the budget by 2002, contributing to continued strong growth with low inflation. I look forward to working with Congressional leaders to pass a balanced budget that maintains our crucial investments in education and training.

-30-30-30-

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

February 7, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: JEFFREY A. FRANKEL

SUBJECT: Employment and Unemployment in January, Labor Department Release, Friday, 8:30 a.m.

Nonfarm payroll employment increased 271,000 in January--significantly more than market expectations. Over the past 4 months, employment growth has averaged 244,000 per month--even faster than the 234,000 per month pace during the first half of 1996. Since January 1993, payroll employment has increased 11.5 million.

- Private employment increased 250,000 in January, with gains in almost all the major sectors. Manufacturing employment increased 18,000--the fourth consecutive monthly gain.
- Average hourly earnings rose 0.1 percent. Over the past 12 months, average hourly earnings increased 3.8 percent--up from 2.8 percent during the year-earlier period.
- The workweek fell sharply in January--partly reflecting unusually bad weather.

The unemployment rate edged up 0.1 percentage point to 5.4 percent in January--not much different from the market expectation of an unchanged jobless rate. The unemployment rate has been stable at around 5.3 percent since June.

Because of the drop in the workweek, together with seasonal-adjustment problems, this report is not as strong as the employment gain might make it appear. Our best guess is that it is consistent with real GDP growth in the first quarter of about 2 to 3 percent at an annual rate.