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Sam Afridi

PRESIDENT WILLIAM J. CLINTON

CONFERENCE ON THE NEW ECONOMY

THE WHITE HOUSE

April 5, 2000

cc:
Speechwriting

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Acknowledge: Members of my economic team; Secretary Summers; Secretary Shalala; Secretary Herman; Secretary Slater; John Podesta; OMB Director Lew; Martin Baily; and Gene Sperling [organized conference]. Of course, I want to thank all of you for being a part of this first-ever White House Conference focused on the challenges and opportunities of the new economy.

We meet in the midst of the longest and strongest economic expansion in our history—and ~~the dawn of~~ an economic transformation as profound as that of the Industrial Revolution.

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From small businesses to factory floors, ~~from hometowns~~ to villages half a world away, the Information Revolution is changing the way we work, the way we learn, the way we live. ~~It's transforming how we interact with one another, how families spend their time, how~~ & may the role of & how it operates government ~~conducts its business~~.

~~Now is the time to step back and put a laser-like focus on~~ This conf is about focusing on the big, cutting-edge issues ~~all of this presents~~ of the New Economy. How do we keep the expansion going? How do we extend its benefits to those still in its shadows? ~~How do we build on our strengths? How do we tackle our challenges? How do we help more families build the future of their dreams?~~ What can go wrong & how do we avoid it? That's what this conference is about.

The roots of this meeting stretch back to our first economic conference in December of 1992 in Little Rock. [illegible] ~~We brought together~~ some of the leading minds from around the country and across the economic spectrum. addressed a that ~~Back then, the~~ challenge was immediate and clear. Unemployment was high. Interest rates were high. Confidence was low. The deficit was exploding. The question was: How do we turn our economy around?

The debt had 4x. Economy w/ [illegible] recovery [illegible] jobs. [illegible] [illegible]

Deficit → Surplus
Expanded trade
I in Ed, Tech, Techn —
Credit for New Econ to flourish — exp Telecom Act

Thanks to the hard work of the American people, the vision of American entrepreneurs, and the tough decisions we made, America has done just that. With nearly 21 million new jobs. The lowest poverty rate in 20 years. The lowest unemployment rate in 30 years.

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~~The lowest female unemployment rate in 40 years. The lowest African-American and Hispanic unemployment rates on record.~~

The performance of the new ~~We are creating a high-performance~~ economy powered by technology, driven by ideas, rooted in ~~the values of~~ innovation and enterprise, ~~that are at the core of our character. It~~ has opened new doors of opportunity and challenged our understanding of economics ~~fundamentally changed how we look at the economy~~.

I remember sitting around the table in Little Rock after the election in 1992. I asked my economic advisers how low could unemployment get without triggering inflation.

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The consensus was somewhere between 5.5 and 6 percent. Bear in mind, these were people who were philosophically predisposed to the idea that low unemployment was a good thing no matter how it was achieved.

No one believed ~~ever dreamed~~ we could have 4 percent unemployment on a sustained basis without inflation. No one ever imagined that we could generate productivity rates of more than 2 percent a year—and now we're at nearly 3 percent.

How did that happen? There's no single answer.

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It took a combination of government, ~~the private sector, and citizens stepping up to the plate, doing their part to create the conditions and lay the foundation for~~ a ~~stronger, more dynamic economy for all Americans~~.

Fiscal discipline has been essential, ~~Our unwavering commitment to that goal has helped set in motion~~ a ~~virtuous cycle~~—reducing interest rates, freeing up capital for private investment, enabling more people to invest in new businesses and new technologies.

I believe a commitment to expanded trade and open markets has been critical.

That's a commitment that has stood strong across different Administrations and party lines.

A growing consensus to invest more in people, technology and cutting-edge research has also played a big part in laying the foundation of this new economy. Today, not only our Administration, but businesses throughout our country are demanding that we as a nation do more to invest in education and training, ensure accountability in our schools, and help all our citizens build 21st century skills.

And, of course, when we look to the private sector, the role of technology investments, especially in information technology, has played a critical role in building the new economy. Today, IT represents less than 10 percent of American jobs, but is responsible for nearly one-third of our economic growth—and wages are 80 percent higher than average. Information technology now accounts for nearly half of business investment.

Just as Henry Ford's mass-produced cars, and the assembly-line itself, had broad spillover effects on the productivity of the American economy, these new information technologies are doing the same thing—rifling through every sector of the economy and increasing the power of American workers and firms to share broadly in it.

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Today, information technologies allow industries to recognize instantaneously changes in demand, and manage their inventories more quickly. Information technologies are speeding the development of new products into the market. Supercomputers, for example, have helped Detroit automakers cut the development time of new cars by half or more—and they have helped pharmaceutical companies cut down the development time for new anti-cancer drugs by several years.

Clearly, more from govt future discovery in biomed
Sci — decoding human genome -
nanotechn → advances even today [illegible]

Of course, information technology is also creating an infinite number of opportunities for electronic commerce for traditional businesses--and business-to-business e-commerce is growing even faster.

In three years, it may reach a staggering $1.3 trillion in the United States alone.

All of this is astounding. But all of this is just the beginning. So now is the right time for sharing the best ideas, looking to the future, and asking the right questions.

For example, economists like to talk about speed limits for the economy—have we posted higher speed limits? Do speed limits even exist anymore?

How do we measure the impact of technology on the economy? How do we assess the sources of tomorrow's growth?

We know that with the right teacher and the right computer, a student in the poorest neighborhood can have the same access to every single library and every single source of information as a student in the most privileged private school. But those who are left out will be left even further behind. How do we best build on our work to close the digital divide?

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Compromise in Kent

~~Today~~, developing countries ~~have the opportunity~~ "leapfrog" an entire stage of development, jumping ahead to cutting-edge technologies. How can we best make that happen?

How important is information technology relative to other pressing needs of developing nations, such as health or education or improving agricultural productivity?

Technology is allowing nations to grow their economy without harming the environment. How do we spread this at home and abroad? These are some of the questions that I hope we'll address today.

I truly believe that the computer and the Internet will give us a chance to move more people out of poverty more quickly than at any time in all of human history. I believe we can harness the power of the new economy to help families everywhere fulfill their dreams. And I believe that if we seize this moment, we can take the most prosperous economy in generations and create a generation of prosperity.

But it won't just happen. It will take ideas and initiative and action which so many of you have shown in so many different ways. I thank all of you for that, and I thank you for being here and being a part of this dialogue. I look forward to our day ahead.

So let's get started. Our first panel discussion is entitled: Is the New Economy Rewriting the Rules on Productivity and the Business Cycle? I'd like to ask Abby Joseph Cohen, Chair of the Investment Policy Committee at Goldman, Sachs and Company to begin.

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