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ECONOMIC PROGRESS IN MICHIGAN UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for the nation and Michigan after the first three years of the Clinton Administration:

Improved Economic and Fiscal Conditions in the United States:

- Under the Clinton Economic Plan, the deficit will be lowered by more than $1 trillion over 7 years -- the deficit has been cut for three years in a row for the first time since Harry Truman was President.

- 7.7 million new jobs created. Combined rate of unemployment and inflation at lowest level in 27 years.

- Federal government workforce will drop by 272,900 -- creating lowest workforce since the Kennedy Administration.

Improved Economic Conditions in Michigan:

- The unemployment rate has dropped from 7.0% to 5.3%. (5.0)

- Over 4 1/2 times as many new jobs per year -- 105,634 vs. 22,475 average during the previous 4 years.

- 55,700 new manufacturing jobs added in 35 months -- after 72,600 lost during the previous 4 years.

- New business incorporations have increased 10% per year.

- Business failures have dropped 12% per year -- after increasing 12% per year during the previous 12 years.

What President Clinton's Accomplishments Have Achieved for the People of Michigan:

$15,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN MICHIGAN: The national debt will be more than $1 trillion lower over 7 years than was projected before the passage of the President's economic plan. That's about $15,000 of reduced federal debt for each family of four in Michigan.

10 TIMES MORE MICHIGAN FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 392,321 working families in Michigan will receive a tax cut. This compares to an increase in the income tax rate for only the 41,107 wealthiest taxpayers in Michigan.

TAX CUT FOR 41,459 SMALL BUSINESSES IN MICHIGAN: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 41,459 small businesses in Michigan are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

1,502,000 MICHIGAN WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 1,501,815 workers in Michigan, and protects the jobs of 90,221 workers in Michigan who are likely to use unpaid leave this year alone.

579,600 STUDENTS AND FORMER STUDENTS IN MICHIGAN WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 579,600 Michigan borrowers -- 405,700 current borrowers and 173,900 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

February 12, 1996

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ESTIMATE

EMBARGOED: 12:30 PM, February 27, 1996

REPUBLICAN AGENDA TO REVERSE THE CLINTON CRUNCH

Address by House Majority Leader Dick Armey
The Heritage Foundation
Washington, D.C.
February 27, 1996

Can you believe that, in his State of the Union Speech, President Clinton actually said "our economy is the healthiest it has been in three decades?" I have to say, President Clinton is the Herald of Happy Talk. This is what my wife, Susan, calls denial.

Only last week Alan Greenspan called the current economy "dismal." The Administration admitted as much when it announced that the economy grew less than 1% annually last quarter. This White House is quickly bringing back Jimmy Carter's economic "malaise," but now they're calling it a funk.

The last two years of the Carter Presidency were the worst for family incomes since the Great Depression. Ronald Reagan brought families back to prosperity, with tax cuts, deregulation, good humor, and optimism. But Bill Clinton is bringing us a return of the middle class squeeze.

Millions of working American families gather around their kitchen tables at the end of a hard work week and wonder why it is they can't seem to make ends meet. They work longer and longer hours. They take second jobs. But they feel like they are just running in place. They are losing their faith in the American Dream: that their sons and daughters will achieve a higher living standard than their parents and grandparents.

I lay the blame for America's anxiety at the feet of this Administration. Here's the evidence:

1. In each and every year of the Clinton presidency, the typical American family had less real income than when President Clinton took office. Last year alone, the typical family earned $790 less than in 1992.

2. The President enacted the largest tax increase in history, and the result is that the

typical family now devotes 24.5 percent of its income to federal taxes --.a greater share of income than at any time in America's peacetime history.

These two factors combine to make up the Clinton Crunch: taxes going up and incomes going down. If, instead, families had continued to prosper as they did during the Reagan expansion, the average family would have had $1,274 more last year.

Republicans want to reverse the Clinton Crunch. We want incomes to go up while taxes go down. Republicans want you to earn more and keep more of what you earn.

But this Administration would rather feel your pain than deal with it. Secretary Reich, for example, recites the Democrat mantra that real wages for the median worker have fallen 4.6 percent since 1979. He's just reciting the time-worn Democrat party line.

Income certainly hasn't fallen steadily since 1979. As President Carter completed his term, the nation plunged into recession and wages plummeted. But wages and incomes rebounded during the Reagan expansion years. Tragically, just as families had nearly regained their pre-Carter standard of living, the Bush Administration stalled their forward progress and now the Clinton Crunch has knocked families backwards.

What's the lesson here? The only period of sustained wage growth in the last 17 years came as government was cutting taxes and paring back red tape.

President Clinton didn't just ignore the lessons of history, he defied them. He enacted the largest tax increase in the nation's history and piling on new regulations. It's no wonder that more than half of the wage decline since 1979 occured under Clinton's watch.

This Administration and the Democrats think the answer is more government, higher taxes and more regulation. The President even wants to add new obstacles like a minimum wage hike -- putting the bottom rung of the economic ladder of success out of reach for millions of unskilled workers. The President says he wants to decrease the number of working poor. The trouble is he would do it by making the working poor the non-working poor.

Bill Clinton may say that the "era of big government is over," but his actions make it clear that he is the last defender of the welfare state. He stands alone against the tide of reform and renewal rising throughout America.

More jobs were created in the last 6 months of the Bush Administration than in these past 6 months of the Clinton Administration. Bill Clinton inherited a growing economy and quickly trampled prosperity. But that's not all.

He vetoed the first balanced budget in 26 years.
He vetoed tax cuts, for working America and for economic growth.

He vetoed regulatory relief that would have eliminated excess red tape that stifles wages.
He vetoed legal reform that would have stopped expensive, frivolous lawsuits.
He vetoed welfare reform that required work and discouraged illegitimacy.

Bill Clinton desperately wants to preserve the status quo. He and too many technocrats in Washington are willing to resign this nation to sluggish growth and limited opportunity. We can't settle for that kind of mediocrity.

But I'm here to bring you good news. Congressional Republicans have an Agenda to Reverse the Clinton Crunch. We must revive prosperity, so that working people can once again earn more and keep more of what they earn.

I have a favorite saying that makes a serious point about the American Dream and why economic growth is the most important goal of Republican policy. Very simply put, every parent knows, deep down, that the American Dream isn't just owning your own home; it's getting your kids out of it.

Think about it. We struggle through parenthood, sharing our children's hopes and joys and getting them through their disappointments. We're rewarded for all our hard work on that magic day when they burst through the door and say "Mom, Dad, I got the job." It takes economic growth to create those jobs for our kids. So they can start their lives, get married, and finally give us old folks the grandkids we so desperately want to spoil.

You know why grandkids and grandparents get along so well? They have a common enemy!

This is the American Dream, imperiled by the Clinton Crunch. House Republicans have a 9-point Agenda to Reverse the Clinton Crunch:

1. Cutting taxes on investment to create jobs,
2. tax relief for working families with children,
3. protecting pensions for working Americans,
4. streamlining regulations that stifle wages and increase prices,
5. reforming the health insurance market to eliminate job lock,
6. putting power in the hands of workers, not bureaucrats, by consolidating worker training programs,
7. enforcing the Beck decision, to end the coercive hidden tax that forces union workers to support partisan politics,
8. voting on a tax limitation constitutional amendment, to let you keep more of what you earn, and
9. continuing our success in eliminating wasteful government spending, to use tax dollars wisely and move power back to the states.

The first major step to restoring growth and easing the Clinton Crunch is tax relief. We must cut taxes on investment to get the economy moving again. This year, I am confident we can and will develop a capital gains tax cut that this President can sign. We need capital gains tax relief so that investment can flow from the stagnant industries of yesterday to the start-up firms of tomorrow. So that a person with a great idea today becomes an employer tomorrow.

Step 2: We will continue to pursue a child tax credit. When Democrats started their 40 year run as the majority in Congress, the average family paid $1 to the federal government for every $50 they earned. Today, the average family pays $12 to the federal government for every $50 earned. It's time to turn that trend around.

To fully appreciate how big the federal tax bite is, I propose that you take the Armey Challenge. Look at your paystub every month, for as many months as it takes, and see if you are paying more for taxes than for food, clothing and shelter combined. Too many of you will find that government costs you more than the necessities of life. And that is wrong! We will again this year give the President an opportunity to fulfill his campaign promise of a middle class tax cut.

One of the largest sources of investment funds today are the pension and retirement savings millions of Americans set aside each year. Pension managers, wanting to get their investors the highest return, seek out the best investments. Its a win for savers, who earn a higher return, for borrowers, who can start or expand their businesses, and for workers, when new jobs are created. But Secretary Reich wants to pre-empt that synergy. He wants the government to choose "winners" and "losers" by redirecting pension funds into "social investment." That means lower returns for future retirees, and less investment funds available to start real, productive businesses that create jobs and opportunities. The House passed Jim Saxton's H.R. 1594 last year to stop Reich's pension grab. I'll ask Senator Dole to move this bill through the Senate so we can send it to the President this year.

Outdated regulations force employers to spend money investing in Washington paperwork instead of productive equipment -- and paying lawyers instead of giving raises to workers. We'll restore wage growth by eliminating unnecessary and job-destroying government regulation. Cutting excess red tape creates more jobs and higher wages, and lowers prices for consumers. In March, the House will pass a regulatory reform bill, H.R. 994 designed by Reps. Bill Clinger and Henry Hyde, updating the Regulatory Flexibility Act and requiring Administration review of old regulations. We expect the legislation to be on the President's desk this Spring.

Step 5: In April, the House will vote to end health insurance job lock. Today, too many working parents are afraid to pursue new opportunities, start a new career or become an entrepreneur, because they don't want to lose the health insurance they now have. This year we will bring up legislation centered around Rep. Bill Thomas' H.R. 1610, to increase the availability, affordability and accountability of health care coverage for working families.

Federal job training programs today train workers for jobs that no longer exist. They erect barriers rather than bridges between aspiring workers and the jobs they seek. The House and Senate this year will complete work on Rep. Bill Goodling's CAREERS bill (H.R. 1617), which takes control away from bureaucrats, who are in no position to know where the jobs are, and puts it in the hands of workers searching for training.

Step 7: The Supreme Court's 1988 Beck decision, which declared that union members cannot be forced to pay dues to pay for anything other than collective bargaining costs, today remains unenforced. As a result, union households are forced to pay dues to support partisan advocacy that violates their core political beliefs. In the Beck case, 79 percent of union dues funded activities other than collective bargaining, including overt partisan political activity. As Thomas Jefferson said, "To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical." This year the House will bring legislation to the floor to end this hidden tax. We must give union families control over how their hard-earned income is spent, and restore their right to advocate their own political beliefs.

Step 8: On April 15, the House will vote on a constitutional amendment to limit tax increases. The tax limitation amendment puts an end to the cycle of the past 40 years -- special interests in Washington demanding more spending, and Congress raising taxes to pay for it.

The American people know that cutting spending is the only way to get our fiscal house in order and balance the budget. Economists from all parts of the political spectrum agree that balancing the budget would bring interest rates down by nearly 25 percent -- or 2 percentage points. That means entrepreneurs and small businesspeople can better afford to start and expand firms, hire more workers, and invest in new equipment to boost productivity and wages. And a 2 percentage point reduction in interest rates translates into $1,300 per year in interest savings for a typical family with a home mortgage, a car loan and student loans.

Finally, we will continue this year to cut wasteful government spending. Two economists I hold in very high regard, Lowell Galloway and Richard Vedder of Ohio University, have done extensive work on the optimal size of government. Their research confirmed what I like to call the Armey Curve. It showed that government spending, up to about 18 percent of the economy, can have a positive impact. But beyond that point, Keynes is wrong -- more government isn't a stimulus, its an obstacle to growth.

Today, federal spending approaches 22 percent of the economy. Clearly, there's ample room to cut. In fact, Vedder and Galloway estimate that each dollar of federal spending restraint increases private sector spending by $1.38. In plain English, cutting wasteful government stimulates growth and creates jobs. Since Republicans became the majority in Congress, we put government on track to cut federal spending by $50 billion this year and last. But that's only a beginning. This year, we will again cut spending and return power to the states, to give the taxpayers more bang for their buck.

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This Republican Agenda to Reverse the Clinton Crunch will create a new vitality in our nation. Every family once again will have the opportunity and the freedom to pursue the American dream, so that our sons and daughters can always achieve a higher standard of living than their parents and grandparents. A rising tide of prosperity will lift the fortunes of all Americans, unless President Clinton keeps us tied to the moorings of big government, as he did last year.

America faces a momentous choice this year, as we decide which of two paths this nation will follow into the next century. Republicans believe we must pursue freedom. We must put our faith in the ingenuity and goodness of the American people, rather than the guile of the government, to get this country back on track. Ronald Reagan's return to freedom ushered in an era of historic prosperity in this nation. The President would take us down the other path -- the path of the stifling, big government status quo.

It is outrageous for an Administration that stifled job creation by hiking taxes to lament joblessness. It is outrageous for those whose red tape choked off raises for working men and women to decry falling wages. The President and other liberals in Washington have the gall to blame Americans for the Clinton Crunch. And it is wrong.

The "blame Americans" strategy will not work. False promises won't alleviate anxiety about what the future holds. Public hand-wringing will not rekindle our national optimism. Angry words will not create jobs. And class warfare demagoguery will not relieve the Clinton Crunch.

America's anxiety will only ease as individual families witness and experience success. Republicans have an agenda to rekindle that success, while the President has only empty rhetoric. It's not enough to say "I feel your pain" when you're the one causing it. The President must accept responsibility for his actions.

Congressional Republicans have an Agenda to Reverse the Clinton Crunch, by relieving the burden of taxes and big government Our program will restore faith in the American Dream, as families, one by one, prosper through freedom.

THE FACTS COME CRUMBLING DOWN ON ARMEY

The Facts On Rep. Armey's Speech On The Economy

February 27, 1996

Armey Claim: "Last year alone, the typical family earned $790 less in 1992"

THE FACTS: **This is simply untrue. Family incomes fell under the previous Administration. They have increased since President Clinton took office.**

1. **Median family income is higher now than in 1992.** Median family income in 1994 was higher than the year before President Clinton took office. In 1994, median family income was $38,782, up from $38,632 in 1992. (Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994*, Series P-60-189, Supplemental Tables: Families, By Total Money Income.)

2. **Median family income increased in 1994.** According to the Bureau of the Census, real median family income increased 2.3 percent in 1994 -- the first year following President Clinton's Economic Plan -- for the first time since 1989. (1994 is the most recent data available) (Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994*, Series P-60-189, Supplemental Tables: Families, By Total Money Income.)

3. **It's impossible to make a three-year estimate.** It is impossible to even make a three-year estimate since the Bureau of the Census hasn't even collected the data for the third year!

4. **Family incomes declined under the previous Administration.** It was during the previous Administration when family incomes slipped. From 1988 to 1992, median family income declined 4 percent. (Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994*, Series P-60-189, Supplemental Tables: Families, By Total Money Income.)

Armey Claim: "The President enacted the largest tax increase in history"

THE FACTS:

1. **That is just not true -- Reagan's 1982 tax increase was larger.** *The Wall Street Journal* and *Washington Post* both say that President Reagan's 1982 tax increase was larger.

   - ***Wall Street Journal,*** 10/26/94: "Contrary to Republican claims, the 1993 package ... is not 'the largest tax increase in history.' The 1982 deficit reduction package of President Reagan and Sen. Robert Dole in a GOP-controlled Senate was a bigger tax bill, both in 1993-adjusted dollars and as a percentage of the overall economy."

   - ***Washington Post,*** 2/1/95: "The biggest tax increase in history did not occur in the Omnibus Budget Reconciliation Act of 1993. The biggest tax increase in post-World War II history occurred in 1982 under President Ronald Reagan."

2. **Tax increases targeted at the wealthiest Americans -- and tax cuts for many Americans.**

   - **H&R Block** confirms that the 1993 Economic Plan only increased income tax rates for the top 1.2 percent, while cutting taxes for "16.6% of all taxpayers [who] benefit from the Earned Income Tax Credit Expansion."

   - **CBO** found that "only a sliver of tax filers -- about 1.2 percent -- will face a higher income tax bill on April 15 because of the Clinton administration's economic program." ["GOP Tax Issue May Fade Away: Only 1.2% of Filers Will Face Increase, CBO Study Finds," *Washington Post,* 1/13/94.]

3. **The average federal tax rate for the typical four-person family is lower today than when President Clinton took office, and is lower than a decade ago under Ronald Reagan.** The average federal tax rate for the typical four-person family will be lower in 1995 than in 1992 or 1985 under Ronald Reagan, according to analysis by the Treasury Department based on Census Bureau data.

Armey Claim: "typical family now devotes 24.5 percent of its income to federal taxes -- a greater share of income than at any time in America's peacetime history."

THE FACTS: **THIS IS SIMPLY WRONG.**

1) **The typical family's tax rate is not the highest in peacetime history -- indeed it is lower than when President Clinton took office in 1992.**

2) **Armey is not just counting people's federal income taxes, he's also thrown in employee and employer payroll taxes.** ***Even using this calculation, the effective tax rate in 1995 is still lower than it was in 1992, the year before President Clinton took office.***

   In 1995, the average combined federal income and employee, *plus employer*, social security, and Medicare tax rate for the typical four person family was 24.46 percent. [Source: Treasury Department Office of Tax Analysis, based on Census Bureau data, 4/18/95 -- SEE TABLE 4 ATTACHED].

3) **When you do not count the employer's portion of taxes, the typical family's tax rate is 16.81 percent -- *lower* than when President Clinton took office, and the same or *lower* than 7 of the 8 years when Ronald Reagan was President.** [SEE TABLE 3 ATTACHED]

Table 3

Average and Marginal Combined Federal Income and Employee Social Security and Medicare (FICA) Tax Rates For Four-Person Families at the Same Relative Positions in the Income Distribution: 1955-1995

	One-Half Median Income			Median Income			Twice Median Income		
Year	Income	Average Combined Tax Rate	Marginal Combined Tax Rate	Income	Average Combined Tax Rate	Marginal Combined Tax Rate	Income	Average Combined Tax Rate	Marginal Combined Tax Rate
1955	2,460	2.00	2.00	4,919	7.35	20.00	9,838	11.61	22.00
1956	2,660	2.00	2.00	5,319	7.96	20.00	10,638	12.01	22.00
1957	2,744	2.25	2.25	5,488	8.37	20.00	10,976	12.26	22.00
1958	2,843	2.25	2.25	5,685	8.62	20.00	11,370	12.42	22.00
1959	3,035	2.50	2.50	6,070	9.47	20.00	12,140	12.92	22.00
1960	3,148	3.15	23.00	6,295	10.06	20.00	12,590	13.25	22.00
1961	3,219	3.49	23.00	6,437	10.18	20.00	12,874	13.34	22.00
1962	3,378	4.32	23.13	6,756	10.52	20.00	13,512	13.55	26.00
1963	3,569	5.58	23.63	7,138	11.12	20.00	14,276	14.07	26.00
1964	3,744	5.69	19.63	7,488	9.88	18.00	14,976	12.82	23.50
1965	3,900	5.79	17.63	7,800	9.32	17.00	15,600	12.24	22.00
1966	4,171	6.92	18.20	8,341	10.80	19.00	16,682	13.16	22.00
1967	4,497	7.72	19.40	8,994	11.23	19.00	17,988	13.50	22.00
1968	4,917	8.43	19.40	9,834	12.70	20.42	19,668	15.11	26.88
1969	5,312	9.38	19.80	10,623	13.44	20.90	21,246	16.00	27.50
1970	5,583	9.45	19.80	11,165	12.70	19.48	22,330	15.15	25.62
1971	6,088	9.93	20.20	12,176	12.60	19.00	24,352	15.12	28.00
1972	6,404	9.57	20.20	12,808	12.74	19.00	25,616	15.35	28.00
1973	6,855	10.73	21.85	13,710	14.06	19.00	27,420	16.35	28.00
1974	7,485	10.02 1/	21.85	14,969	14.15 1/	22.00	29,938	16.93 1/	33.00 1/
1975	7,924	9.97 2/	32.85 2/	15,848	14.82	22.00	31,696	17.46	32.00
1976	8,658	10.53	22.85	17,315	15.06	22.00	34,630	18.09	32.00
1977	9,362	9.46	22.85	18,723	15.58	22.00	37,446	18.98	36.00
1978	10,214	10.78	25.05	20,428	16.31	25.00	40,856	20.00	39.00
1979	11,256	11.24	22.13	22,512	16.97	30.13	45,024	20.32	37.00
1980	12,166	12.15	24.13	24,332	17.55	30.13	48,664	21.51	43.00
1981	13,137	13.47	24.43	26,274	18.44	30.35	52,548	22.87	42.46
1982	13,810	13.21	22.70	27,619	17.76	31.70	55,238	21.94	39.00
1983	14,591	13.23	21.70	29,181	17.08	29.70	58,362	20.93	35.00
1984	15,549	13.20	20.70	31,097	16.95	28.70	62,194	20.69	38.00
1985	16,389	13.61	21.05	32,777	17.39	29.05	65,554	21.04	38.00
1986	17,358	13.79	21.15	34,716	17.63	29.15	69,432	21.37	38.00
1987	18,543	12.31	22.15	37,086	16.05	22.15	74,172	20.02	35.00
1988	19,526	12.68	22.51	39,051	16.81	22.51	78,102	19.54	28.00
1989	20,382	12.80	22.51	40,763	16.87	22.51	81,526	19.70	28.00
1990	20,726	12.77	22.65	41,451	16.98	22.65	82,902	19.83	28.00
1991	21,526	12.69	22.65	43,052	16.95	22.65	86,104	20.33	29.45
1992	22,126	12.20	35.79	44,251	16.83	22.65	88,502	20.13	29.45
1993	22,581	12.00 2/	36.58 2/	45,161	16.83	22.65	90,322	20.13	29.45
1994 E	23,160 E	10.56 2/	40.33 2/	46,320 E	16.78	22.65	92,640 E	20.18	29.45
1995 E,P	23,860 E,P	9.86 2/	42.87 2/	47,720 E,P	16.81	22.65	95,440 E,P	20.14	29.45

Department of the Treasury
Office of Tax Analysis

April 18, 1995

1/ Reflects one-year rebate under P.L. 94-12, including income related phaseout for the twice-median income family.

2/ Includes effects of the Earned Income Tax Credit (EITC), assuming two eligible dependents. See footnote on text page for explanation.

E Estimated from 1993 median income as adjusted for price level changes: 1993 CPI-U, 144.5; estimated 1994 CPI-U, 148.2; projected 1995 CPI-U, 152.7.

P Taxes projected on the basis of enacted law as of April, 1995.

Note: Median income is for a four-person family. All income is assumed to be earned by one spouse. Itemized deductions are assumed to equal 23 percent of income through 1986 and 18 percent thereafter.

Source: Median incomes from U.S. Census Bureau, "Current Population Reports, Series P-60", various issues.

Table 4

Average and Marginal Combined Federal Income and Employee Plus Employer Social Security and Medicare (FICA) Tax Rates for Four-Person Families at the Same Relative Positions in the Income Distribution: 1955-1995

	One-Half Median Income			Median Income			Twice Median Income		
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1955	2,460	4.00	4.00	4,919	9.06	20.00	9,838	12.47	22.00
1956	2,660	4.00	4.00	5,319	9.54	20.00	10,638	12.80	22.00
1957	2,744	4.50	4.50	5,488	10.09	20.00	10,976	13.12	22.00
1958	2,843	4.50	4.50	5,685	10.28	20.00	11,370	13.25	22.00
1959	3,035	5.00	5.00	6,070	11.44	20.00	12,140	13.91	22.00
1960	3,148	6.15	26.00	6,295	12.35	20.00	12,590	14.40	22.00
1961	3,219	6.49	26.00	6,437	12.41	20.00	12,874	14.46	22.00
1962	3,378	7.44	26.25	6,756	12.74	20.00	13,512	14.66	26.00
1963	3,569	9.20	27.25	7,138	13.56	20.00	14,276	15.29	26.00
1964	3,744	9.31	23.25	7,488	12.21	18.00	14,976	13.98	23.50
1965	3,900	9.41	21.25	7,800	11.55	17.00	15,600	13.35	22.00
1966	4,171	11.12	22.40	8,341	14.13	19.00	16,682	14.82	22.00
1967	4,497	12.12	23.80	8,994	14.46	19.00	17,988	15.12	22.00
1968	4,917	12.83	23.80	9,834	16.19	20.42	19,668	16.86	26.88
1969	5,312	14.18	24.60	10,623	16.97	20.90	21,246	17.76	27.50
1970	5,583	14.25	24.60	11,165	16.06	19.48	22,330	16.82	25.62
1971	6,088	15.13	25.40	12,176	15.93	19.00	24,352	16.78	28.00
1972	6,404	14.77	25.40	12,808	16.40	19.00	25,616	17.17	28.00
1973	6,855	16.58	27.70	13,710	18.67	19.00	27,420	18.66	28.00
1974	7,485	15.87 1/	27.70	14,969	19.31 1/	22.00	29,938	19.51 1/	33.00 1/
1975	7,924	15.82 2/	38.70 2/	15,848	20.03	22.00	31,696	20.06	32.00
1976	8,658	16.38	28.70	17,315	20.23	22.00	34,630	20.68	32.00
1977	9,362	15.31	28.70	18,723	20.73	22.00	37,446	21.56	36.00
1978	10,214	16.83	31.10	20,428	21.55	25.00	40,856	22.62	39.00
1979	11,256	17.37	28.26	22,512	23.10	36.26	45,024	23.44	37.00
1980	12,166	18.28	30.26	24,332	23.68	36.26	48,664	24.78	43.00
1981	13,137	20.12	31.08	26,274	25.09	37.00	52,548	26.63	42.46
1982	13,810	19.91	29.40	27,619	24.46	38.40	55,238	25.87	39.00
1983	14,591	19.93	28.40	29,181	23.78	36.40	58,362	25.03	35.00
1984	15,549	19.90	27.40	31,097	23.65	35.40	62,194	24.76	38.00
1985	16,389	20.66	28.10	32,777	24.44	36.10	65,554	25.30	38.00
1986	17,358	20.94	28.30	34,716	24.78	36.30	69,432	25.69	38.00
1987	18,543	19.46	29.30	37,086	23.20	29.30	74,172	24.24	35.00
1988	19,526	20.19	30.02	39,051	24.32	30.02	78,102	23.86	28.00
1989	20,382	20.31	30.02	40,763	24.38	30.02	81,526	24.12	28.00
1990	20,726	20.42	30.30	41,451	24.63	30.30	82,902	24.57	28.00
1991	21,526	20.34	30.30	43,052	24.60	30.30	86,104	25.62	30.90
1992	22,126	19.85	43.44	44,251	24.48	30.30	88,502	25.47	30.90
1993	22,581	19.65 2/	44.23 2/	45,161	24.48	30.30	90,322	25.54	30.90
1994 E	23,160 E	18.21 2/	47.98 2/	46,320 E	24.43	30.30	92,640 E	25.68	30.90
1995 E,P	23,860 E,P	17.51 2/	50.52 2/	47,720 E,P	24.46	30.30	95,440 E,P	25.56	30.90

Department of the Treasury
Office of Tax Analysis

April 18, 1995

1/ Reflects one-year rebate under P.L. 94-12, including income related phaseout for the twice-median income family.

2/ Includes effects of the Earned Income Tax Credit (EITC), assuming two eligible dependents. See footnote on text page for explanation.

E Estimated from 1993 median income as adjusted for price level changes: 1993 CPI-U, 144.5; estimated 1994 CPI-U, 148.2; projected 1995 CPI-U, 152.7.

P Taxes projected on the basis of enacted law as of April, 1995.

Note: Median income is for a four-person family. All income is assumed to be earned by one spouse. Itemized deductions are assumed to equal 23 percent of income through 1986 and 18 percent thereafter.

Source Median incomes from U.S. Census Bureau, "Current Population Reports, Series P-60", various issues.

Armey Claim: "Real wages for the median worker have fallen 4.6 percent since 1979. It's no wonder that more than half of the wage decline since 1979 occurred under Clinton's watch."

THE FACTS:

1. **94% OF THE DECLINE HAPPENED BEFORE PRESIDENT CLINTON TOOK OFFICE. The fact is that between 1979 and 1995 weekly wages for the median worker fell just over 6 percent. BUT, 94% of the decline occurred between 1979 and 1992 -- before President Clinton took office.** [Source: Bureau of Labor Statistics, Current Population Survey.]

2. **LOOK WHAT HAPPENED TO HOURLY WAGES UNDER REAGAN AND BUSH:**

   - Under Presidents Reagan and Bush, real average hourly earnings fell 79 cents, from $12.34 in January 1981 to $11.55 in January 1993.

     (Source: Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500049, Adjusted to December 1995 dollars, using CPI-U, February 20, 1996.)

3. **WHILE WAGES ARE BEGINNING TO REBOUND UNDER PRESIDENT CLINTON.**

   - Since President Clinton took office, average hourly earnings have increased slightly from $11.55 in January 1993 to $11.62 in December 1995.

     (Source: Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500049, Adjusted to December 1995 dollars, using CPI-U, February 20, 1996.)

Armey Claim: "But wages and incomes rebounded during the Reagan years."

THE FACTS:

1. **WAGES FELL UNDER REAGAN:**

- Under President Reagan, real average hourly earnings fell 29 cents, from $12.34 in January 1981 to $12.05 in January 1989.

(Source: Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500049, Adjusted to December 1995 dollars, using CPI-U, February 20, 1996.)

2. **WAGES FELL EVEN MORE UNDER REAGAN AND BUSH:**

- Under Presidents Reagan and Bush, real average hourly earnings fell 79 cents, from $12.34 in January 1981 to $11.55 in January 1993.

(Source: Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500049, Adjusted to December 1995 dollars, using CPI-U, February 20, 1996.)

3. **WHILE WAGES ARE BEGINNING TO REBOUND UNDER PRESIDENT CLINTON.**

- Since President Clinton took office, average hourly earnings have increased slightly from $11.55 in January 1993 to $11.62 in December 1995.

(Source: Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500049, Adjusted to December 1995 dollars, using CPI-U, February 20, 1996.)

Armey Claim: "The President even wants to add new obstacles like a minimum wage hike -- putting the bottom rung of the economic ladder of success out of reach for millions of unskilled workers"

THE FACTS: **AND THEY CLAIM TO BE FOR RAISING WORKERS' WAGES?**

Between 10 million and 13 million workers would benefit from the president's proposal to increase the minimum wage: An estimated 10 million hourly workers earn between $4.25 and $5.14 and would directly benefit from the President's proposal. Research indicates that an increase in the minimum wage to $5.15 could have a "ripple" effect on another 3.7 million workers who earn within 60 cents of the new minimum wage.

Empirical evidence shows the President's proposal can increase wages without costing jobs: Over a dozen empirical studies -- a majority of those published in peer-reviewed journals in the last five years -- have found that moderate increases in the minimum wage would not cost jobs. These studies include state-specific research that shows that higher state increases in the minimum wage did not result in significant job impacts. As Nobel Laureate Robert Solow stated: "[T]he evidence of job loss is weak. And the fact that the evidence is weak suggests that the impact on jobs is small."

The last minimum wage -- also 90 cents -- garnered strong bipartisan support. In 1989, the minimum wage was passed by votes of 382 to 37 (135 Republicans) in the House, and 89 to 8 in the Senate (36 Republicans) and was supported by Senator Dole and Rep. Gingrich.

Within a year, if the minimum wage is not increased, it will fall to its lowest real level in 40 years. Indeed, the value of the minimum wage is now 27 percent lower than it was in 1979, and has fallen 45 cents in real value since its last increase in April of 1991. The first half of the President's 90-cent proposal simply restores the minimum wage to its value from the last increase.

Raising the minimum wage primarily helps adult workers -- most of whom rely on their minimum wage jobs to support their families: Nearly two-thirds of minimum wage workers are adults (63%); almost two-fifths of all minimum wage workers (39%) are the sole breadwinners in their families; the average minimum wage worker brought home half of his or her family's earnings. Thus, a rise in the minimum wage is a significant boost to the standard of living to millions of households.

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Armey Claim: "More jobs were created in the last 6 months of the Bush Administration than in these past 6 months of the Clinton Administration."

THE FACTS: **IF THEY WANT TO TALK ABOUT JOB GROWTH, LET'S TALK. PRESIDENT CLINTON'S JOBS RECORD IS BETTER THAN THAT OF ANY REPUBLICAN PRESIDENT SINCE THE 1920s.**

1. **President Clinton Has A Better Jobs Record Than Any Republican Administration Since the 1920s.** Since President Clinton took office, the economy has added nearly 7.7 million new jobs -- that's a better record of job growth than any Republican Administration since the 1920s. [Source: Bureau of Labor Statistics, *Employment Situation: January 1996*, February 2, 1996, Table B1; and Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00000001, February 20, 1996.]

2. **President Clinton Has A Better Private-Sector Jobs Record Than Any Republican Administration Since the 1920s.** More than 7.1 million new private-sector jobs have been created -- that's a better record of private-sector job growth than any Republican Administration since Harding was President in the 1920s. [Source: Bureau of Labor Statistics, Employment Situation: January 1996, February 2, 1996, Table B1; and Bureau of Labor Statistics, BLS Internet site: www.bls.gov, series EES00500001, February 20, 1996.]

3. **Over 7 Times More Private-Sector Jobs Per Month Than Bush.** Since the President was inaugurated, the private sector has created 198,000 jobs per month, 7.4 times as many jobs per month as were created under the Bush Administration (26,900). [Source: Bureau of Labor Statistics, *Employment Situation: January 1996*, February 2, 1996, Table B1; and Bureau of Labor Statistics, BLS Internet site: *www.bls.gov*, series EES00500001, February 20, 1996.]

4. **Turning The Corner on Jobs in High-Wage Industries.** After losing 268,000 jobs in high-wage industries during the Bush Administration, the economy has added more than 3 million since President Clinton took office. [Source: Update of Department of Labor, *The Nature of Recent Employment Growth*, October 7, 1994.]

Armey Claim: "President Clinton vetoed the first balanced budget in 26 years.""

THE FACTS:

1. **President Clinton did not veto the Republican Budget because it balanced the budget -- he strongly supports a balanced budget and has presented his own balanced budget plan based on CBO numbers.** *The President's FY1997 budget is the first official budget presented by a President that balances based on CBO numbers in 19 years.*

2. **President Clinton vetoed the extreme Republican Budget because it included extreme cuts in Medicare, Medicaid, Education, the Environment as well as a large tax increase on the hardest pressed working families.** President Clinton vetoed their budget because their policies would squeeze working families and deny them and their children needed opportunities.

   - **Higher Taxes For Working Families.** Their budget would have raised taxes on some 7.7 million of our most hard-pressed families by an average of $318 in 1996 alone.

   - **Medicare Premium Increase On 37 Million Beneficiaries.** Their budget would have raised premiums by $264 for an elderly couple in 1996 alone.

   - **Corporate Raid On Workers' Pensions.** Their budget would have allowed corporations to raid pension funds, risking pensions for millions of workers.

   - **Repeal Of The Medicaid Guarantee Of Nursing Home Coverage.** Their budget would have put more and more working families at financial risk.

   - **2.5 Million Students Cut Off Direct Student Loans.** Their budget would have cut off Direct Student Loan opportunities for 2.5 million students in 1,350 colleges and universities.

   - **380,000 Students Denied Pell Grants.** The Republican budget would make devastating cuts to the Pell grant program, denying Pell grants to 380,000 deserving students in 1996 alone.

   - **180,000 Children Denied Head Start.** Their budget would have denied 180,000 children comprehensive Head Start education, health, and social services by the year 2002.

   - **1 Million Children Denied Basic And Advanced Skill Training.** Their budget would cut Title I by more than $1 billion -- cutting 1 million students from the program.

3. **President Clinton has continually called for passing the common savings in both plans so that we can have a balanced budget and modest tax cut without the harmful Medicare, Medicaid, Education and Environmental cuts.** After more than 50 hours of negotiations, both sides now have some $700 billion worth of savings in common -- more than enough to balance the budget in 7 years while providing tax relief for middle-class families. President Clinton's door remains open. He urges the Republicans to come back to the table and work with him to get the job done.

Armey Claim: "He vetoed regulatory relief that would have eliminated excess red tape that stifles wages."

THE FACTS: **This is simply the same old hostile view to environmental protection and public safety: exaggerated costs and no calculation of benefits.**

This is the same group who tried to push through extreme environmental cuts and policies this year, including:

- Halting new standards for meat inspections.
- Cutting EPA's enforcement budget by 50 percent.
- Eliminating all clean drinking water state loan funds.
- Halting EPA action or enforcement to keep storm water pollution out of the nation's waterways.
- Prohibiting EPA enforcement to keep raw sewage off beaches and out of waterways.
- Eliminating EPA's ability to set standards to prevent industrial water pollution.
- Curtailing protection of toxic air pollutants from all oil refineries.

Armey Claim: "He wants...the government to choose "winners" and "losers" by redirecting pension funds into "social investment."

THE FACTS:

1. **President Clinton Kept Ronald Reagan's Policies!** The Clinton Administration has done absolutely nothing new in this area. The Interpretive Bulletin the Labor Department put out last summer (No. 94-1) merely brings together 20 years of Labor Department opinions on the subject:

   - Robert Monks, who was responsible for ERISA in the Reagan Administration, have confirmed that, in Monks' words, "Interpretive Bulletin 94-1 sets forth a policy that is consistent with the policies announced by DOL during the years that I had principal responsibility for the ERISA program." (Letters attached.)

   - The vast bulk of the citations in the Interpretive Bulletin (17 out of 23) are to Reagan or Bush-era Labor Department opinions.

   - The ETI Clearinghouse that the Saxton bill proposes to defund was the outgrowth of the November 1992 Report of the Work Group on Pension Investments, appointed by the Bush Labor Department, that found that *"economically targeted investments (ETIs) exist which constitute prudent investments under traditional financial criteria, but which also create collateral economic benefits."*

2. **This Is The Same Group That Passed A Corporate Raid On Workers' Pensions.** Their budget would have allowed corporations to raid pension funds, risking pensions for millions of workers.

Armey Claim: "Today, federal spending *approaches* 22 percent of the economy."

THE FACTS:

1. **FEDERAL SPENDING IS AT A 16 YEAR LOW! Federal Spending Under President Clinton Is Lower Than Any Year Since 1979.** Federal spending in fiscal year 1995 was 21.1 percent of the economy -- the lowest of any year since 1979. Even if fiscal year 1995 spending as a share of the economy were the 21.7% estimated by CBO in August 1995 based on *estimated* outlays and GDP, federal spending as a share of the economy would still be lower than any year since 1979 -- lower than every year under the Reagan and Bush Administrations.

   [Based on actual fiscal year 1995 outlays and GDP. Historical data in CBO, *Economic and Budget Outlook*, January 1995; actual fiscal year 1995 outlays from Treasury Department, September Monthly Treasury Statement of Receipts and Outlays of the U.S. Government, October 27, 1995; actual fiscal year 1995 GDP from Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts, February 23, 1996.]

2. **Because of President Clinton, the Era of Big Government is Over:**

   - Reduced the federal workforce by 205,000 workers -- the smallest in three decades.
   - Proposed terminating more than 400 federal government programs, and consolidating many others. [Source: OMB and Third Report of the National Performance Review.]
   - Closing more than 2,000 unnecessary government field offices.
   - Eliminating 16,000 pages of unneeded rules and regulations.

3. **President Clinton's 1993 Economic Plan cut spending by $255 billion, and his balanced budget plan would cut spending by over $600 billion more.** The President's balanced budget upholds America's values, protects Medicare, Medicaid, Education and the Environment, and provides targeted tax relief while it cuts discretionary spending by $297 billion and cuts entitlement spending by more than $270 billion.

4. **President Clinton has nearly cut the deficit in half in three years.**

   - **Deficits $1.5 trillion lower than projected over the next 7 years:** Even without the President's much-needed balanced budget plan, CBO projects the deficit will be $1.5 trillion lower over the next seven years than projected prior to President Clinton's 1993 deficit reduction plan.
   - Because of President Clinton's 1993 Economic Plan, the FY1995 budget would have had a $14 billion *surplus* but for the interest on the debt accumulated during Reagan and Bush.

NEWS FROM THE HOUSE DEMOCRATIC LEADER

For Immediate Release:
Tuesday, February 27, 1996

Democratic Leader Richard A. Gephardt
H-204, U.S. Capitol

REMARKS BY HOUSE DEMOCRATIC LEADER RICHARD A. GEPHARDT
"BETTER LATE THAN NEVER:
INCOME POLITICS ON THE G.O.P. CAMPAIGN TRAIL"
ECONOMIC STRATEGY INSTITUTE, WASHINGTON, D.C.

I thank you for having me here today, to talk about a cause I have pressed for more than a decade -- and a crisis which has finally crept from America's pocketbooks into its politics.

I'm talking about America's standard of living – and why it has become such a struggle for average families to simply pay the bills, send their children to school, and stake their claim in the American dream.

As a member of Congress, and even as a presidential candidate eight years ago, it has been enormously difficult for me to focus attention on these issues. Maybe the press and the politicians didn't want to know about the problem. Or maybe they just didn't know what to do about it.

But in the past few weeks, Republican primary voters put this issue at the front and center of our political discourse – and this time, we ignore them at our own peril.

The fact is, there is a revolution taking place in American politics -- a revolution that is shaking every podium on the presidential campaign trail, and shattering our most basic assumptions about the needs and wants of the American people.

I'm not talking about the so-called Republican revolution -- with its poll-driven Contract clauses, its bumper-sticker bromides, and its Medicare-cutting manifestos.

I'm talking about an honest-to-God outcry from the grassroots -- a call so powerful it's finally reaching the board rooms of Wall Street and the cloak rooms of Washington.

The American people are beginning to send a powerful message -- to say that as much as they believe in a balanced budget -- as much as they believe in a leaner, more efficient government --

Those kinds of budget bills are never going to help with all the bills they have to pay.

And mobilizing every ounce of our political will to zero out a balance sheet in Washington is a hollow exercise if we do nothing about the declining standard of living of the

(More)

endangered middle class.

You see, we now have enough spending cuts on the table to balance the budget in about five minutes, if the Republicans are willing to do it. Sometime this year or next, that problem will be solved. And I think the right kind of balanced budget will be good for the country, and good for the economy.

But after years of deficit-driven politics -- after a Republican Congress that viewed a balanced budget as the be-all, end-all of economic policy -- we have to realize that a balanced budget is only a fraction of the solution we need. We need an economic strategy, not another government audit. We need to move on to the real challenges we face:

Lifting the real wages and incomes of working Americans -- wages that have been falling for more than sixteen years.

Making our economy grow faster, and reversing the almost fifty percent decline in economic growth that America has experienced since 1973.

Bridging the growing gap between the rich and the poor in America -- a gap which, astonishingly -- embarrassingly -- is now the greatest of any industrialized nation in the world.

And stopping the insanity of massive corporate lay-offs -- an estimated 1,200 Americans losing their jobs every single day -- not because they're unprofitable, or unproductive --

But because some Wall Street analyst wants to squeeze up short-term stock prices -- even when that means ignoring the long-term needs of the corporation itself.

Something is dangerously wrong in our economy and society.

Playing by the rules is no longer enough to pay the bills.

Doing a good job is no longer enough to guarantee a good life.

Increasing your productivity is no longer enough to increase your paycheck.

We are living through an economic earthquake as titanic and transforming as the industrial revolution. For too many Americans, just staying in place means a never-ending scramble of longer hours, second jobs, part-time jobs, and credit card debt.

But our political system hasn't been doing a damn thing about it. Not the Democrats, which is why we lost control of Congress in 1994 -- and certainly not the Republicans, whose pension raids and deep cuts in Medicare, Social Security, and student loans would turn today's middle class squeeze into a vise grip.

No wonder people are so cynical about politics.

And no wonder the Republicans of Iowa and New Hampshire -- after the umpteenth mind-numbing discourse about the evils of Washington -- rejected every candidate whose main concern was the government's troubles, not their troubles.

Phil Gramm, who ran as the poster-boy for the Contract With America, spent twenty million dollars and didn't even make it to the first primary.

It is time to accept the obvious: the era of deficit politics is over.

But the era of income politics is about to begin.

Just ask Bob Dole. He said, and I quote: "I didn't realize that jobs and trade and what makes America work would become a big issue in...this campaign."

That kind of indifference is no longer acceptable -- and the voters are making that clear.

But I come before you today with an urgent warning --

For in this time of economic anxiety and uncertainty, indifference only begets division, dissolution, disintegration.

If we cannot even speak to the problems within our borders, we invite the small-mindedness of those who would close them to the world.

If we cannot find a way to share and spread prosperity, we invite the hatred of those who would punish, pillory, and pigeon-hole -- seeking scapegoats instead of solutions.

If we cannot find a way to bring reason and responsibility to the job-slashing wizards of Wall Street -- to reverse a culture that values profits over people, and short-term gain over long-term existence -- we invite the recklessness of those who would wage holy war on business itself.

America does not deserve the policies of Pat Buchanan. Even the Republican Party does not deserve them.

But Candidate Buchanan is really forged of our own failures.

For he has at least recognized the crisis of falling wages and incomes. He has at least acknowledged what hard-working families go through to raise their children and put food on the table.

And if both parties sustain a vacuum when it comes to our standard of living -- if we offer

no alternative to the voice of unreason --

Then we will end up with demagogues, not leaders -- and we will deserve it.

If you ask me, the reason the Republican establishment is shaking in their boots right now is that the ground is shifting beneath them -- from deficit politics to income politics -- and the Grand Old Party is fundamentally, philosophically unable to shift along with it. So Republicans cannot rejoice now that Pat Buchanan has kidnapped a Democratic issue.

But let's be very clear: focussing on the right question is very different from having the right answer.

It is wrong to call for arbitrary tariffs on Japan and China. It is wrong to blame our problems on immigrants, the poor, people of different ethnicities and genders.. As much as we need to fight for fair access to other nations' markets, it is wrong to simply close off our own.

And how can someone who opposes the minimum wage, opposes health and safety standards, and opposes family leave even pretend to stand for the American worker? Not only are Pat Buchanan's ideas flawed -- they will hurt working Americans when we desperately need to help them.

Our approach should be a very different one. Of course we can't hide from the world economy. But we can do much more to make it fair.

We can stand up for America's workers without betraying America's ideals.

We can fight for our basic interests without demeaning our basic values.

And if more people in public life had been doing that -- if we had spent even half the time we wasted on the Contract With America working to lift our standard of living -- then we wouldn't be so vulnerable to the politics of exclusion, isolation, and fear.

So I am here to offer a political prescription -- not just to win elections, but to redeem our very purpose as public officials.

Let us show the American people that, while we may not have easy answers to the problem of falling wages and incomes, we will make it our mission to hear them -- to help them -- to arm them for the uncertainties of a changing world.

Let us resolve that someone will speak for them when their jobs are bled by profit-seeking at any price -- when their paychecks are punctured by unfair trade with low-wage nations -- or when they simply can't keep up with a roller-coaster economy.

Let us realize that capitalism was never intended to be an end unto itself -- and that fighting for the standard of living that is the real purpose of capitalism may be the only way we can save it from its own excesses.

These aren't matters of politics, or public policy. They're not even matters of right and left. At their heart, they're matters of right and wrong.

If we can't stand on the side of the vast majority of Americans – if we can't make their well-being priority number-one – if we can't honor and assist their struggle to build a good life for their families, against tremendous economic odds --

Then as far as I'm concerned, we have no business claiming to be servants of the people.

So let's step back and understand exactly what is happening to the American economy – why it is so fundamentally different from the economy I grew up with in the 50's and 60's – and why, after President Clinton's remarkable success in creating jobs, lowering inflation, and making this economy grow – something he should receive a lot more credit for –

The President himself points to an economic hunger and anxiety that reaches beyond those statistics.

In my view, there are three basic reasons: first, globalization and the expansion of unfair trade; second, the growing failure of American business to realize that profits and stock quotations are not ends in themselves; and third, the slowest sustained economic growth America has seen in a century.

When I was growing up in the 1950's, America brought a higher standard of living to a growing number of people. It was almost an American birthright.

As profits flourished, the people behind those profits saw their paychecks and prospects rise. There was a belief, largely justified, that if you worked hard, paid your taxes, and played by the rules, you could build a strong family, and a more prosperous future.

That didn't happen by accident -- and as unfashionable as it may be to say it, it didn't happen without government.

In the first stages of this nation's industrial revolution, many of the people who broke their backs to build prosperity never got a piece of the pie. They're the kinds of people we learned about in Upton Sinclair's The Jungle --

People who were exploited, overworked, underpaid, and under-protected. They made the free market work -- but the free market didn't work for them.

Then along came Theodore Roosevelt and the Progressive Era; Woodrow Wilson and the New Freedom; Franklin Roosevelt and the New Deal. American government, business, and labor came together and built a more inclusive economy – an economy that said: if you help us load the wagon, you get to climb on board.

But with the rise of globalization, that inclusive economy has been deformed and distorted beyond recognition. New trade relationships – some fair, some less than fair – have thrown us into roller-coaster competition with nations that don't share many of our values – about the dignity of labor; the integrity of the environment; or the centrality of human rights.

I'm talking about nations like Mexico, where workers build television sets for a few dollars a day, and live in homes made of the packing materials of the goods they produce.

And Thailand, where young women work for minuscule wages at a state-of-the art disk drive factory -- matching America's productivity for a fraction of the cost.

In the face of this new competition, some corporations just wave a white flag.

The best and most forward-looking corporations – such as Magma Copper, Rosenbluth Travel, and Anheuser-Busch -- realize that they can compete and win if they offer better and more innovative products, and view employees as powerful assets, not liabilities.

But there is a third way – and more and more, it is the way that Wall Street demands. I'm talking about the corporations that try to beat low-wage countries at their own game. By slashing pay and payrolls, rolling back benefits, moving jobs and futures overseas.

Last year, these short-sighted corporations laid-off half a million Americans. Lay-offs are so commonplace, they are barely newsworthy. Aside from the applause of stockholders, these life-shattering upheavals are met by a roaring, deafening silence.

AT&T announced that it was laying off 40,000 employees last month. Who even dared to question that decision? Who manned the bully pulpit, to say that maybe we don't always have to choose between people and stock prices? And that maybe people matter even more?

When our political system is so unresponsive -- when it refuses to compete with the narrow values of Wall Street – can we be surprised that people are turning away from politics altogether?

Our politics may be numb to these mass firings, but our families are not.

For those who are shed from the rolls, job security disappears. Health care and pensions vanish overnight. Most likely, that lost job is replaced by a job that pays less -- which forces workers to take a second job, maybe a part-time job. A spouse may have to work, which means

there is no one to supervise the children, to help them with their homework, to make sure they watch the right kinds of television. The idea of family time – quality time -- becomes an unattainable luxury, not a daily reality.

How can you serve the P.T.A. or sing in the church choir when you're locked in a super-human struggle to simply meet the rent?

How can you have strong values when you have no time to nurture those values – to teach them to your children, or practice them yourself?

Then there is the psychological toll. One woman, who had lost her job at a big company, tried to explain to her five-year-old daughter that she simply wasn't needed any more. Her daughter's eyes widened as she asked: "Will that happen to me at school?"

I don't believe these executives are mean-spirited people. In today's environment, many of them have no choice. If they don't do this, the financial community finds another company who will.

But I wish some of those C.E.O.'s -- and some of the stock analysts who hand out those gold stars for downsizing -- would come with me to South St. Louis; or Tacoma, Washington; or Huntsville, Alabama -- to see the world beyond Wall Street.

I'd show them the courage of middle class families who have lost so much ground – but kept so much hope. I'd show them how good and decent people now run on an economic treadmill -- trading away time with their children to be able to send those children to college. Spending their evenings at second jobs, away from their families, just to keep those families intact.

And I'd show them companies like Inland Steel and Drummond Coal – companies that are doing the right things for their people, and making even more of a profit because of it.

It is more than ironic that our economy makes it harder for those kinds of companies. It is truly perverse.

Working Americans aren't even being rewarded for their own good efforts.

From 1947 to 1973, American workers gave their companies an almost ninety percent increase in productivity -- and in return, their real wages increased by nearly ninety-nine percent. They got as much as they gave.

But from 1973 to 1982, workers got only half as much of an increase in real wages as they gave in new productivity. And from 1982 through 1994, they got only a third as much.

Talk to some of the families I meet when I go door-to-door in Jefferson County, or Affton, or Ste. Genevieve, Missouri. They'll tell you that no matter how hard they work, raises are a relic of the past. The only way they can earn more is by working more -- more hours, more jobs, extra part-time jobs.

Unfortunately, at the same time that employees and corporations have been forced into a bitter competition with lower-wage nations, economic growth itself has slowed dramatically.

As far back as 1870, America had strong, fairly steady economic growth for a full century -- averaging about three-and-a-half percent. Since the mid-1970's, growth has slowed to just over two percent.

The difference between three-and-a-half and two percent is hardly trivial. What that decline has cost us -- an estimated twelve trillion dollars over twenty years -- is enough to pay off the national debt, modernize every single American factory, buy every homeowner a brand new house, and still have enough left over to cut taxes for the middle class.

All told, the crisis of our standard of living has done its damage slowly -- silently -- over time. With each wave of pink slips, with each faulty trade treaty, with each drop in economic growth, it has chipped away at our national character --

Leaving decent, hard-working families wondering why their lives have become such a struggle.

We can't go back to the economy of the 50's and 60's. We can't go back to the days when our only real markets were the stores that lined our streets. Whether we like it or not, those days are gone. And I believe Americans know that.

But we have moved into a new world economy without a new world strategy.

We have let working Americans drift into greater competition without greater tools to meet that competition.

We have asked them to play with the deck stacked against them, in a global economy without basic rules and standards, when we should have been insisting that fair trade is the only free trade.

We have let them fall into an economy of insecurity and instability, and lectured them about family values when we should have been helping them to build stronger families.

And let's be frank: those who think that family values can be separated from family incomes -- those who think a sermon from a soapbox is a substitute for a decent salary -- those who think a v-chip helps you raise a child when you're hardly ever home -- don't know the

first thing about middle-class family life in America.

I wish I could stand before you today and say that there were easy answers to this problem. The truth is, there aren't. No politician can wave a magic wand and make the economy grow faster, or force corporations to put people on par with profits. President Clinton has certainly done many of the right things – on trade, on training, and on economic policy. But many of the biggest changes that need to take place cannot be achieved by government.

And it is time for our entire political system to recognize that this is a new America. To make sure we have both growth and fairness – to make sure that a rising tide lifts all boats -- it is time for a new American strategy for prosperity.

This debate has now been joined by Democrats and Republicans alike – from the thoughtful pronouncements of President Clinton, Senator Kennedy, Secretary Reich, and Congressman Bonior, to what I regard as the callous Darwinism of Dick Armey and Phil Gramm.

But the point is that unless we start this debate, we'll never get the results that are the only real measure of success.

In the coming weeks and months, I want to speak in detail about the course I believe we must follow. Today, I speak of first principles, and of four central areas where we must focus:

Making this economy grow faster; making international trade fairer; making corporate America responsible for people as well as profits; and letting Americans earn more personal security in these fast-changing times.

First, until we can make our economy grow faster than two, two-and-a-half percent a year, we will always be fighting over smaller slices of a shrinking pie.

We need a high-level summit, to find ways to restore that missing growth and opportunity -- to make the 21st Century another American century. I believe we must bring together the finest minds in business, labor, and government for a kind of massive, Manhattan Project for middle class salvation -- with at least the same energy and intensity we brought to this year's balanced budget negotiations.

Without delay, we must change Federal Reserve policies that actively limit economic growth, even when there is no legitimate fear of inflation. It is time for the Fed to renounce that out-dated approach, and pursue higher growth and employment as well as stable prices.

I believe we can do a lot to spur growth by radically overhauling the income tax

system, by cutting taxes for the middle class, and by dissolving the dense fog of loopholes that distorts the most basic economic decisions.

I have a proposal that eliminates every exemption except the mortgage interest deduction, and uses the savings so that three-quarters of all taxpayers pay just ten percent of their income in taxes. More money in the pockets of the middle class should be the beginning of our economic strategy, and a simpler, fairer tax system is the place to start.

Second, while we work to expand the economy, we need a more thoughtful trade policy -- one that recognizes that trade is not an end in itself, but a means to a higher end -- lifting the standard of living of America, and of all nations.

Economic nationalism is important. Even in a global economy, borders matter. But if we don't do more to level the playing field, and lift up standards in the third and fourth worlds -- we run the risk of punishing companies that act decently, and responsibly.

How much longer can businesses in America, Japan, and Germany pay good wages, and offer good benefits, while facing low-cost, low-wage businesses in nations such as Mexico and Thailand and Indonesia? Does it really make sense to throw ourselves into open competition with the third and fourth world, with no rules? And no plan? And no purpose?

We must find ways to bring the third and fourth worlds into our trading community fairly and thoughtfully -- so we can save our standard of living, and help them raise theirs as well.

You see, as much as we have continuing trade problems with some of our economic equals, such as Japan and Germany, we've got to start realizing that, in the most fundamental sense, these nations are really on our side. Their workers face the same challenges as our own.

It's time to start looking to the dangers at the bottom of the international ladder, so we can help the poorest nations to climb up -- rather than racing them down to a permanent depression in wages, a poisonous degradation of the environment, and a painful destruction of workers' rights and safety.

At the same time, it is fair to demand that advanced nations tear down their protectionist barriers, so that we can engage in truly free trade. Let us follow the Golden Rule of trade: if other nations refuse to open their markets equally and fairly, we should respond proportionately, and see how quickly they change course.

Third, we must provide incentives to reshape a corporate culture that heeds the needs of Wall Street, but hides from the pleas of Main Street.

This isn't just about economics -- it's about values. When leading corporations rake in massive profits but shed productive employees, the only proper response is moral outrage. Until we create a climate in which that kind of short-sightedness is unacceptable, we cannot hope for it to end. And if we allow Wall Street alone to dictate the behavior of corporations – even if they are run by good and decent people, as most of them are – we cannot be surprised when they put short-term profits ahead of people every time.

Of course, our leaders must pound the table. But we must also give working Americans a place at that table.

We should hold up the corporations that are empowering and investing in their employees, and creating jobs in this country, and putting long-term strength over short-term stock prices – as Australia does through its successful Best Practices award program.

We should encourage businesses to pay their workers for gains in performance, so that we never again have a year like last year – when corporate profits surged, but household income barely rose at all.

We should try to replace the quarterly reports that force corporations to measure every decision for its short-term gain. We must find ways to allow them to take a larger and longer view, while still providing stockholders with the information they need about their investments.

We should invest the government's considerable resources – for example, pension funds and trust funds – in companies that put people on par with profits. We should condition government contracts on that kind of performance as well.

Even Money magazine has now concluded that companies that invest in their employees are better long-term investments than the average downsized company.

We should stop giving huge tax subsidies to companies that send jobs and factories overseas, and start recognizing that, just as we treat churches and other non-profit organizations differently through our tax code because of the good things they do, we can use the tax code to reward corporations that are doing the right thing.

That means eliminating what may be the greatest perversity of our tax code -- that we actually give tax breaks to corporations when their C.E.O.'s and executives personally profit from lay-offs. I can't think of a worse signal to send to the hard-working Americans whose jobs are being lost.

Fourth and finally, we need to re-arm every American for an uncertain struggle -- to make benefits, education, training, and job opportunities easier to find and to keep. President Clinton is already doing a lot in this area. If we can't eliminate the uncertainties of the new

world economy, we can certainly arm Americans to confront those uncertainties.

We can offer underemployment insurance, as well as unemployment insurance -- so that Americans whose incomes are slashed due to lay-offs do not see their living standards plummet.

We can award government contracts only to those businesses that provide basic benefits to their employees.

We can make it easier to start and run small businesses in this country, especially for those who lose their jobs at big companies.

We can keep fighting to make pensions more secure, and to make health insurance more accessible and affordable for every single American. We can change the way insurance companies behave, so that if someone loses a job or changes jobs, they don't lose their health care.

And we can expand student loans and establish individual training accounts or vouchers, as the President has suggested, to help Americans save for the job training and education that are so essential for better-paying jobs in this new economy.

I do not pretend to have all the answers. None of us does. And ultimately, as public officials, we owe it to the American people to be honest about that –

To let them know that in a changing world, we can't guarantee that there won't be winners and losers. We can't even guarantee that we'll know what the changes will be.

But the real challenge before us today is not to know and number all the solutions. The great question is really one of legitimacy –

Whether our political system will respond to the fundamental changes in people's lives --

Whether we will give them the tools of true self-reliance, which is how America has always triumphed in times of transition --

Or whether we are content to let their lives and livelihoods diminish; to pretend that their struggle is just an inevitable casualty of capitalism; and to let their faith in government and country erode.

I think we owe the American people more than that. I think our capitalism can be better than that.

America has a long history of change -- from revolution, to industrial expansion, to

technological innovation. Change hasn't always been easy. But it has always been necessary.

And once again, we are at a crossroads in our economic life. The progressives of the last century knew that there was no way to turn back the powerful industrial forces that had shaken their world. So rather than resist them, they established fair rules for them.

They understood that as powerful as our markets may be, it is not the market alone that gives America its meaning.

It is not commerce alone that gives America its community.

Nor can dollars alone ever drive the American dream.

You see, America has prospered most when it has understood that to choose between our economics and our values is the falsest choice of all -- because an economy that serves and prospers everybody gives us plenty of profit, but also much more.

After all, we are not a nation of economists. We are a nation of human beings. We are a nation of hard-working, forward-looking, flesh-and-blood families trying build a better future.

Even if we could have a strong economy without that basic humanity, why would we want to? Those human values are what make us American.

We need to put those values back into our economic life -- from the Congressional cloak rooms, to the corporate boardrooms, to America's living rooms.

We need a new, humanistic capitalism for a new and uncertain age -- one in which government and business take some responsibility, instead of merely expecting it from others.

We need to realize that in this time of anxiety and unease, fair rules for free markets may be the only way we can keep them free.

And when Americans have enough money to pay their bills every month -- when our stakeholders are every bit as hopeful as our stockholders -- when they feel secure enough to be proud of their obligations to others --

Then maybe we can rebuild the faith in our politics, and our country -- as surely, and as steadily, as it has broken down in recent years.

That is the message from these Republican primaries.

Maybe this time, we will finally have the courage to listen.

# # #

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TALKING POINTS ON WAGES AND THE ECONOMY

February 27, 1996

AN ECONOMIC VISION THAT ADDRESSES AMERICA'S CHALLENGES. President Clinton has governed with an economic growth strategy to turn the economy around and address the long-term issues that have left too many Americans working harder without getting the raises they need and deserve. Unlike Republicans who have recently discovered this economic challenge -- only as a political issue -- the President has governed with a comprehensive, consistent economic growth strategy.

PRESIDENT CLINTON'S ECONOMIC STRATEGY IS BASED ON BASIC CHALLENGES:

- **Balance the Budget.** Balance the budget in a way that protects America's values.
- **Open Markets.** Open markets to create high-wage jobs for American workers.
- **Educational Opportunity.** Increase educational opportunity and lifelong learning.
- **Reward Work.** Reward work by protecting the EITC and increasing the minimum wage.
- **Economic Security.** Worker training; safeguard and simplify pensions; health care portability.

A STRONGER ECONOMY -- TURNING THE CORNER ON 20 YEARS OF STAGNANT WAGES.

- **The Deficit Is Down** -- cut nearly in half in three years, after quadrupling in the previous 12 years.
- **Job Growth At Historic Highs.** The economy has added 7.7 million new jobs -- more per year than under President Bush or Reagan or any Republican Administration since the 1920s.
- **Lowest Combined Unemployment, Inflation and Mortgage Rates in 27 years.**
- **Strong Economic Growth.** Private sector GDP is at 3.2%, higher than the 2 previous Administrations.
- **Wages Are On The Way Back Up.** Real median family incomes and hourly earnings are up.
- **Exports Are Up.** Exports are up $149 billion -- creating hundreds of thousands of high-wage jobs.

PRESIDENT CLINTON IS MEETING THE CHALLENGES OF TODAY AND TOMORROW WITH NEW EFFORTS TO:

- **Help Lower-Income Workers Get Ahead.** Raise the minimum wage and protect the EITC.
- **Help Workers Get 21st Century Skills.** GI Bill of Rights for workers to get needed training.
- **Continue Major College Access Emphasis.** $10,000 Tuition Tax Deduction, 1 million work study opportunities, merit scholarships, protect Direct Student Loans.
- **Safeguard Workers' Pensions and Health Care.** Simplify pensions and protect health insurance for people who change or lose their jobs.
- **Help Every Child Become Technologically Literate.** America's Technology Literacy Challenge.

PRESIDENT CLINTON IS STANDING UP TO REPUBLICAN POLICIES THAT WOULD SQUEEZE WORKING FAMILIES AND DENY THEM AND THEIR CHILDREN OPPORTUNITIES.

- **They Oppose Increasing the Minimum Wage** even though it would give 10 million workers a raise.
- **They Passed Tax Increases on Working Families.** They passed a $32 billion EITC tax increase.
- **They Proposed Cuts In College Opportunity.** Cut Pell Grant scholarships, student loans, and Direct Student Loans.
- **They Proposed $30 Billion In Education Cuts,** including cuts in Head Start, basic skills, and Safe & Drug Free Schools, Goals 2000, and AmerCorps National Service.
- **They Passed Medicare Premium Increases.** Passed Medicare premiums increases on 37 million beneficiaries.
- **They Supported Corporate Raids On Workers' Pensions.**

SETTING THE RECORD STRAIGHT ON THE ECONOMY

February 27, 1996

I. THE CLINTON ECONOMY.

FALSE CLAIM: The Clinton Economic Plan has led to a weaker economy and is steering us towards a recession. The recent quarter shows economic growth is weak.

THE FACTS: The Clinton economic record is the best in a generation -- far better than past Republican Administrations. While many Americans are still not getting raises, the economy has certainly turned around. And experts say that it is on track for sustained growth.

CLINTON ECONOMY IS STRONGER THAN PREVIOUS REPUBLICAN ADMINISTRATIONS

- ★ **Stronger Overall Economic Growth.** Over the last 3 years, the economy has grown faster than any major economy in the world -- twice as fast as during the previous Administration.
- ★ **Stronger Private Sector Economic Growth.** Since President Clinton took office, the private sector has grown 3.2% annually -- far stronger than either of the previous two Administrations.
- ★ **Stronger Business Investment Growth.** Productive Investment has grown at double-digit rates for 3 years in a row for the first time in 30 years.
- ★ **Stronger Exports.** Exports of American goods have grown by one-third -- up $149 billion -- a better record than either of the previous two Administrations.
- ★ **Stronger Overall Job Growth.** Nearly 7.7 million new jobs added in 3 years -- a better record of job growth than any Republican Administration since the 1920s.
- ★ **Stronger Stock Market.** The stock market has increased more rapidly under President Clinton than under any other president since World War II.
- ★ **Lower Combined Unemployment, Inflation, and Mortgage Rates.** The combined unemployment, inflation, and mortgage rate is at its lowest level in 27 years.
- ★ **Higher Homeownership.** Homeownership is now at its highest level in 15 years.

WHO DO YOU TRUST ON THE ECONOMY?

Haley Barbour, Chairman of the Republican National Committee, Speech to the Conservative Political Action Conference, 2/23/96: *"There is a looming Clinton recession."*

[or]

Alan Greenspan, Testimony to the House Banking Committee, 2/20/96: *"A number of fundamentals point to an economy that is basically on track for sustained growth....the most likely outcome for 1996, as a whole, is further moderate growth. The unemployment rate is expected to remain around current levels."*

Blue Chip Forecasters, a consensus view of 49 economists, *Forecasts of Economic Growth In 1996 and 1997 Fall*, 2/10/96: *"...the economy has not, nor is on the verge of falling into recession."*

II. WAGES.

FALSE CLAIM: Family incomes have been lower every year of the Clinton Administration than they were when he took office. No wonder wages are stagnant: the government got your pay raise.

THE FACTS: Clinton's policies are helping turn the corner on 20 years of wage stagnation. The problem of wage stagnation has been around for 20 years -- and it won't be solved overnight. But President Clinton has implemented a long-term economic strategy that is starting to turn it around. And his pro-growth economic agenda for the future will help lift workers' wages.

CLINTON'S POLICIES ARE HELPING TURN THE CORNER ON 20 YEARS OF WAGE STAGNATION

★ **Increase In Average Hourly Earnings.** During the last three years, real average hourly earnings increased, after dropping 79 cents during the previous two Administrations. [Source: Bureau of Labor Statistics (adjusted to December 1995 dollars using the CPI-U).]

★ **Increase In Real Median Family Income.** After falling 4 percent in the previous Administration, real median family income is up since President Clinton took office. Indeed, it increased 2.3 percent in 1994. [Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994.*]

★ **America Is Growing Together.** In 1994 -- the most recent year data are available -- every family income group, from the richest to the poorest, experienced a real increase in their incomes, for the first time since 1989. [Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994.*]

★ **The Poverty Rate Is Down, After Increasing During The Previous Administration.** The poverty rate has declined from 14.8 percent in 1992 to 14.5 percent in 1994. In 1994 -- the year after President Clinton's Economic Plan -- the number of people in poverty declined by 1.2 million. [Source: Bureau of the Census, *Income, Poverty, and Valuation of Noncash Benefits: 1994.*]

PRESIDENT CLINTON'S PRO-GROWTH ECONOMIC AGENDA WILL HELP LIFT WORKERS' WAGES

- **Balance The Budget.** The President's balanced budget would further lower real interest rates, even further increasing private sector investment, while also maintaining critical public investments in our future.
- **Increase Educational Opportunity And Lifelong Learning.** An all-out emphasis on college access for higher wages through Direct Student Loans and pay-as-you can loans; new $10,000 tuition tax deduction; increase in Pell Grants; new merit scholarships; expand work study to more than 1 million students.
- **Reward Work.** Increase the minimum wage to provide a living wage to 10 million workers. Protect the Earned Income Tax Credit.
- **Increase Workers' Economic Security.** Protect workers' pensions. Make health care portable, eliminate pre-existing conditions exclusions, and allow the unemployed to purchase health insurance.
- **Open Trade.** The President will continue a trade policy designed to open markets. New trade policies have helped create hundreds of thousands of high-paying American jobs -- jobs that, on average, pay 13 percent more than other jobs.

HOW CAN REPUBLICANS SAY THEY WILL STAND UP FOR WORKING PEOPLE WHEN THEY FOUGHT FOR POLICIES THAT WOULD HAVE SQUEEZED WORKING FAMILIES AND DENIED THEM AND THEIR CHILDREN NEEDED OPPORTUNITIES?

Republicans fought for policies that would have squeezed working families.

- **They Refuse To Raise The Minimum Wage.** Republicans refuse to act on the President's proposal to raise the minimum wage and give 10 million workers a living wage.
- **They Passed Higher Taxes For Working Families.** Their budget would have raised taxes on some 7.7 million of our most hard-pressed families by an average of $318 in 1996 alone.
- **They Passed A Medicare Premium Increase On 37 Million Beneficiaries.** Their budget would have raised premiums by $264 for an elderly couple in 1996 alone.
- **They Passed A Corporate Raid On Workers' Pensions.** Their budget would have allowed corporations to raid pension funds, risking pensions for millions of workers.
- **They Passed A Repeal Of The Medicaid Guarantee Of Nursing Home Coverage.** Their budget would have put more and more working families at financial risk.

Republicans Fought For Policies That Would Have Denied Educational Opportunities.

- **2.5 Million Students Cut Off Direct Student Loans.** Their budget would have cut off Direct Student Loan opportunities for 2.5 million students in 1,350 colleges and universities.
- **380,000 Students Denied Pell Grants.** The Republican budget would make devastating cuts to the Pell grant program, denying Pell grants to 380,000 deserving students in 1996 alone.
- **50,000 Young People Denied The Opportunity To Serve Their Community While Earning Money For College.** Their budget would have eliminated AmeriCorps National Service Program, preventing nearly 50,000 young people from learning responsibility through community service.
- **180,000 Children Denied Head Start.** Their budget would have denied 180,000 children comprehensive Head Start education, health, and social services by the year 2002.
- **1 Million Children Denied Basic And Advanced Skill Training.** Their budget would cut Title I by more than $1 billion -- cutting 1 million students from the program.

THE EVIDENCE SAYS THAT EDUCATION IS KEY TO INCREASING EARNINGS

★ **College Graduates Earn 74 Percent More.** Today, college graduates earn *74 percent more* than workers with only a high school degree or less. [Source: Bureau of Labor Statistics, Current Population Survey]

★ **Every Year Of Education Has Been Found To Increase Earnings By 6 To 12 Percent.** [Council of Economic Advisers and U.S. Department of Labor, *Educating America: An Investment For Our Future*, September, 1995]

★ **High-Wage Jobs Require More Education.** High-skilled jobs are growing fastest. Over the last 10 years, job growth in high-skilled occupations have grown 32%, while low-skilled occupations have grown just 7%. [Source: U.S. Department of Labor, Office of the Chief Economist.]

III. 1993 ECONOMIC PLAN.

FALSE CLAIM: President Clinton does not deserve credit for bringing down the deficit, lowering interest rates, or strengthening the economy. These things would have happened without Clinton's plan.

THE FACTS: President Clinton's Economic Plan is widely accepted by experts from all sides as bringing down the deficit, lowering interest rates, and strengthening the economy.

The Deficit Was On The Rise When President Clinton Took Office.

- CBO reported in January 1993 that "the federal budget deficit is stuck near $300 billion for the next few years and will move even higher in the second half of the 1990s." CBO projected the deficit would soar to $455 billion in 2000 and to $579 billion in 2002.

President Clinton Brought Down The Deficit.

- President Clinton's economic policies have nearly cut the deficit in half in 3 years, from $290 billion in fiscal year 1992 to $164 billion in fiscal year 1995.
- The actual 1995 deficit under President Clinton was $120 billion lower than CBO projected it would be when President Clinton took office.
- According to CBO, even without President Clinton's much-needed balanced budget plan, deficits will be $1.5 trillion lower over the next 7 years than CBO projected prior to President Clinton's 1993 deficit reduction plan.

THE EXPERTS GIVE PRESIDENT CLINTON THE CREDIT FOR BRINGING DOWN THE DEFICIT AND GROWING THE ECONOMY

★ **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. ...What's important is that he acknowledged that it was a big problem and did something about it, fast. And I think we are seeing some benefits."*

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

★ ***Fortune* Magazine**, 10/3/94: Clinton's *"economic plan helped bring interest rates down, spurring the recovery."*

★ ***Washington Post***, 2/14/94: *"Next year the CBO calculates, the budget deficit will smaller in proportion to the size of the economy than in any year since 1979. As a result of those two things, interest rates are low, and businesses investment is rising powerfully."*

IV. CLINTON TAXES.

FALSE CLAIM: The Clinton tax increase in 1993 was the largest tax increase in history and now taxes are at an all-time high.

THE FACTS: That is just not true. The 1982 tax increase was larger and the average federal tax rate for the typical 4-person family is lower today than a decade ago under President Reagan.

THEY'RE NOT TELLING THE TRUTH:
PRESIDENT REAGAN'S 1982 TAX INCREASE WAS LARGER

★ **Wall Street Journal,** 10/26/94: "Contrary to Republican claims, the 1993 package...is not 'the largest tax increase in history.' The 1982 deficit reduction package of President Reagan and Sen. Robert Dole in a GOP-controlled Senate was a bigger tax bill, both in 1993-adjusted dollars and as a percentage of the overall economy."

★ **Washington Post,** 2/1/95: "The biggest tax increase in history did not occur in the Omnibus Budget Reconciliation Act of 1993. The biggest tax increase in post-World War II history occurred in 1982 under President Ronald Reagan."

WHAT THE REPUBLICANS DON'T TELL YOU ABOUT TAXES UNDER CLINTON:

- **The Average Federal Tax Rate For The Typical 4-Person Family Is Lower Today Than When Clinton Took Office, And It Is Lower Than A Decade Ago Under Reagan.** The average federal tax rate for the typical four-person family will be lower in 1995 than in 1992 or 1985 under Reagan.

- **Taxes Take Less Of Income Today Than At The End Of The 1980s.** The percent of personal income going to pay taxes was lower in 1994 -- following President Clinton's 1993 Economic Plan -- than in 1989.

1993 ECONOMIC PLAN ONLY INCREASED TAX RATES ON TOP 1.2%--
WHILE CUTTING TAXES FOR 15 MILLION WORKING FAMILIES

★ **H&R Block Confirms.** Income tax rates were only raised on the "top 1.2% of all taxpayers." There was "no income tax increase for middle-income taxpayers...income tax rates are unchanged on middle incomes -- 82.2% of all tax payers." There is a tax cut for the other "16.6% of all taxpayers [who] benefit from Earned Income Tax Credit Expansion." [H&R Block Analysis of Income Tax Consequences of the Revenue Reconciliation Bill of 1993, pp. 21-24.]

★ ***Washington Post.*** CBO found "only a sliver of tax filers -- 1.2% will face a higher income tax bill on April 15 because of the Clinton Administration's economic program." ["GOP Tax Issue May Fade Away: Only 1.2% of Filers Will Face Increase, CBO Study Finds," *Washington Post,* 1/13/94, p. A8.]

V. TRADE POLICIES.

FALSE CLAIM: President Clinton's trade policies and weak enforcement have led to the highest trade deficit in history.

THE FACTS: President Clinton's trade policies have increased exports, helped grow the economy, and created high wage jobs.

EXPORTS ARE SURGING -- CREATING HIGH-WAGE JOBS.

- **Stronger Exports Than Previous Administrations.** Under President Clinton, exports of American goods have grown by one-third -- up $149 billion -- that's a better record than under President Bush or President Reagan.

- **Trade Policies Are Creating High-Wage Jobs.** President Clinton has concluded over 200 trade agreements, helping create hundreds of thousands of high-paying American jobs -- jobs that, on average, pay 13 percent more than other jobs.

- **The World's Most Competitive Economy.** The United States has now been ranked Number One on competitiveness for two years in a row -- for the first time in 10 years -- and up from Number Five in 1992.

- **The World's Automobile Leader Once Again.** The United States is the world's Number One producer of automobiles for the first time since the 1970's -- overtaking Japan.

- **The World's Semiconductor Leader Once Again.** The United States has regained its position as the world's Number One producer of semiconductors -- surpassing Japan.

PRESIDENT CLINTON STOOD UP FOR AMERICAN WORKERS AND COMPANIES AGAINST UNFAIR COMPETITION

★ **Stood Up To The Japanese To Open New Markets To American Goods.** The Clinton Administration stood up to the Japanese government and opened 15 market sectors in Japan, ranging from medical equipment to autos to rice. Since 1993, U.S. exports to those sectors have grown 80 percent.

★ **Stood Up To The Japanese To Increase U.S. Auto Sales.** As a result of the 1995 U.S.-Japan Auto Agreement, Big Three exports of vehicles to Japan increased significantly in 1995 -- almost 50 percent.

★ **President Clinton Fought For NAFTA -- Opening Markets, Cutting Tariffs, Increasing Exports, and Creating High-Wage Jobs for American Workers.** Exports to Mexico and Canada grew by 16 percent in NAFTA's first year alone and U.S. market share in Mexico is up to 74 percent -- creating hundreds of thousands of high paying jobs.

U.S. Department of Justice

Office of Community Oriented Policing Services (COPS)

Communications Division
1100 Vermont Avenue, NW
Washington, DC 20530
(202) 616-1728

February 29, 1996

MEMORANDUM FOR CHRISTA ROBINSON
THE WHITE HOUSE

FROM: LISA CAIN

VIA: LEESA BROWN

SUBJECT: Taylor, MI

Per your request.

CITY/STATE	# OF COPS	ESTIMATED FUNDS
Taylor	5	$375,000
Michigan	824	$53,223,145

REVISED

Sun. 3/3/96 pm

PRESIDENT WILLIAM J. CLINTON
TAYLOR CITY HALL DEDICATION 96 MAR 3 P6:24
TAYLOR, MICHIGAN
MARCH 4, 1996

Acknowledgments: Representative John Dingell for introduction; Mayor Cameron "Kim" Priebe [PREE-BEE]; Senator Carl Levin; Reps. Sandy Levin, Lynn Rivers, David Bonior John Conyers, Barbara Rose Collins; The Taylor City High School Band. A special hello and thanks to the five community police officers who are here today. They were added as a result of the Crime Act. And they are making Taylor's streets safer.

I am glad we were able to reschedule this trip. As you know, I had planned to be here in November, but I had to postpone my visit due to the tragic assassination of my dear friend, Israeli Prime Minister Yitzhak Rabin.

It is a special privilege to share this stage with **John Dingell -- a legend here in Michigan and in the U.S. Congress.** I have had the pleasure of serving with him for three years, and here is what I have seen: there is no one tougher, no one who works harder for working families, than John Dingell. He has led the fight for access to health care. He has controlled pollution in the Great Lakes, and played a key role in the passage of the landmark Americans with Disabilities Act. And he has saved taxpayers billions of dollars by investigating and exposing waste and abuse. Fraudsters and scam artists have met their match in John Dingell.

And **Mayor Priebe** has literally left his mark on this city. This magnificent new public works building is just one example of the revitalization taking place here. Since Mayor Priebe took office you have built new roads. You now have one of the finest courthouses in Michigan. You've got a new modern police station. A new community library. And of course, the new jewel of your municipal complex -- and the reason we are all here today -- your new 45,000 square foot city hall.

[PRESENT FLAG] At this time, I would like to present Mayor Priebe with this United States flag that has flown over the U.S. Capitol. Please accept this in dedication of your new city hall and the revitalized spirit of the city of Taylor. [Pause for applause]

Everything you have done is the result of the highest American ideals of teamwork and community. That's what I want to talk with you about today: how America can do what you have done -- grow together, to meet the challenges of the 21st century.

I became President with a clear vision, one that I still hold today. I wanted this country to go into the 21st century as a nation in which every American who was willing to work for it could have their shot at the American Dream. I wanted America to remain the strongest force for peace and freedom in the world. And above all, I wanted us to come together as a people.

As I said in my State of the Union Address, we live in an age of great possibility. More Americans will have more chances to build the future of their dreams than ever before. And I outlined seven challenges that we must face together. They are first, to cherish our children and strengthen our families; to take back our streets from crime, gangs and drugs; to leave the environment safe and clean for the next generation; to maintain our leadership in the fight for freedom and democracy; to shrink the size of government and make it work better; to give all Americans the education they will need for the new century; and finally, to help every American who is willing to work for it, achieve economic security.

And that is what I especially want to talk to you about today -- how we can give working people security by sparking economic growth.

We know that we live in a time of great transition -- an uprooting that began to transform the Midwest before the rest of America. One hundred years ago, our people moved from farms to factories. Today, we are moving to an economy based on technology and information, in a world of intense global economic competition.

How will we master this moment of change? The way we have always faced our challenges -- together; as one America. We know that the era of big government is over. But we know that we cannot return to a time of fend for yourself. We will face our challenges together -- each of us doing our part, working through our schools, our churches, our businesses, our unions, and government at all levels. The great lesson of our democracy is that when we are together, we never fail. And when we are divided, we defeat ourselves.

Here in Michigan, you have come together to set an example that makes all America proud. Through your hard work and your creativity, America's industrial heartland once again leads the world. Over the past 3 years, unemployment has dropped to 5 percent. New business incorporations have increased 10 percent per year. Michigan has created over 311,000 new private sector jobs -- six-and-a-half times as many each year as during the previous four years.

And America's auto industry is back. The world's best workers are making the best cars -- and once again, for the first time in a decade and a half, America's auto industry leads the world. In the four years before I took office, America lost 49,000 auto jobs; in the last three years, we have gained 75,000 auto jobs. And a study last week by the University of Michigan predicted 130,000 new hirings by Chrysler, Ford and GM in Michigan alone over the next 7 years.

And we are finally starting to crack open the markets of Japan. We reached tough and fair trade agreements that have opened up Japan's markets in autos and auto parts. And last year alone, our auto exports to Japan went up 37%. That's not just good for Detroit. That's good for Taylor and the rest of Michigan. And it's good for America.

We are starting to see this same kind of comeback all across America. Just three years ago, the economy was drifting. The hard work of the American people has turned things around.

Let's look at the facts. We have the lowest combination of unemployment and inflation and mortage rates in 27 years. We have helped create almost 8 million new jobs -- seven times more private sector jobs per year than in the four years before I took office. Homeownership is at a 15-year high. In the four years before I took office, the construction industry had lost nearly 700,000 jobs -- and in the past three years, we have gained nearly 800,000 new construction jobs. America's economy is growing. And we are even starting to see real progress on the issue of wages: real hourly wages are rising for the first time in ten years.

But, even with all this progress, we know that many Americans are working harder and harder for less wages and they wonder if they and their children will be able to prosper in this new era. We have created jobs, yet too many of our people have not gotten a real raise in two decades. America is becoming competitive, yet too many of our great corporations are laying people off.

Our job is to make all our people winners in this new era. And the most basic, most fundamental thing we can do is to keep our economy growing, steady and strong.

Growth is not just important for our pocketbooks; it is central to our character as a nation. We have always believed that every one who is willing to work should have a chance to succeed. And for a century, we have recognized that a steadily growing economy is the key to individual opportunity. Economic growth is not simply about ensuring that you have more material possessions. It is about the very idea of America as a place where there is room for everyone to have a shot at the American Dream, without hurting or blaming anyone else.

But all these guarantees of security are not enough. Robust economic growth that reaches all Americans -- that must be our goal for the next four years. For if we fail to grow together, it will become easy for people to retreat into fear and blame and resentment. When he signed the Declaration of Independence nearly 220 years ago, during another moment of challenge and change, Benjamin Franklin said, "We must all hang together, or we shall all hang separately." Today, we must grow together, or we will grow apart as a nation.

That's why for the past three years, I've had a comprehensive economic strategy that puts people first. We cut the deficit nearly in half. We improved education and training for our people. We invested in technology. We expanded exports by opening markets to our goods and services through tough trade agreements. And we shrank the federal government, cut regulation, and made it work better and cost less.

We have made enormous progress -- but we must do more, to keep the economy growing and creating jobs. We are moving in the right direction, but we cannot stop now. If we are to spark stronger growth and give our people the tools to reap the rewards of growth, then we have to start now. It's easy for people to say that they care about working people and our economy; our job is to do something about it. So, today I challenge the United States Congress in the next 60 days to pass a growth agenda for the American people.

We should grow the economy by passing a balanced budget -- because it is wrong to leave our children a legacy of debt; and because a balanced budget will cut interest rates and that will fuel investment in our future.

We should grow the economy by giving working families a tax cut -- because that's one big way to help families get ahead. I support a tax credit for families with children. And I have proposed that every family be able to deduct $10,000 of college tuition, so that everyone who is willing to work hard can go to college.

We should grow the economy by passing an increase in the minimum wage -- because workers who work for a living wage will be able to participate in our economy, and because we want to honor those who work hard. The minimum wage will soon drop to a 40 year low. People who work for a living need a living wage. And to anyone who says they are on the side of working people, I say: talk is cheap. Pass the minimum wage.

We should grow the economy by moving people from welfare to work -- because every person deserves an opportunity, and every person should take the responsibility to contribute to our economy.

We should grow the economy by passing a full-year spending bill that fully funds educational opportunities -- because in the global economy, every American should have the best schools and the best training that can last throughout a lifetime.

And we should grow the economy by passing bipartisan health insurance reform -- because no one should lose their insurance because they change jobs. Strong, bipartisan legislation has been introduced by Republican Sen. Nancy Kassebaum, and Democratic Sen. Ted Kennedy. It will stop the insurance companies from cutting off customers just because they are sick or change jobs. Business backs it; labor backs its; consumers back it. It should be brought to a vote and passed immediately. And they shouldn't change a word.

We should grow the economy so we can grow together -- with every American a winner, no one left behind, everyone having a chance to make the most of their lives. If we do not grow together, we will grow apart. There is no excuse for waiting until next year; we should act now. I challenge Congress to pass a growth agenda for America within the next 60 days. Do it for the people of Taylor, Michigan. Do it for all our people. And do it now.

Congress must do its part. But we know that economic growth that helps everyone will come not only from what happens on the floor of Congress, but from what happens on the shopfloor and in the boardroom. Every company in America must meet the challenge -- looking at their employees as assets, not liabilities. More flexible hours, increased day care, wider contributions to 401K savings plans -- all these are important components of treating an employee fairly. America is stronger when our workers have job training, health care, retirement security. In this new economy, the growth of workers and working families can not be a spectator sport. We need the skills and talents of all our people if we are going to succeed.

Sustained economic growth. Access to health care. Welfare reform. Rising wages. Better training. We can do all these things -- if we do them together.

There is simply no call for the cynicism, the negativism, the antipathy that so many express today. Cynicism is a cheap excuse for inaction, and it is ultimately frustrating and unrewarding. It is true -- we have not solved all our problems in the past three years. But we are moving forward, in the right direction, and we cannot turn back.

All my life I have been driven by the conviction that it is simply wrong when any person is deprived of the opportunity to live up to the fullest of their God-given potential. I now know more strongly than I ever have that it is also wrong to believe we can all become all we ought unless we do it together. America will keep growing. And if we want to bring our people together, we must grow ... together.

Thank you very much.

TERRY -
FOR MORE INFO.
YOU CAN REACH RICHARD HEALD
@ 202 225 4071

Taylor is participating in both the COPS and DARE programs. COPS is the Justice Department's Community Oriented Policing Services designed to empower localities to work towards crime prevention. To date Taylor has been the recipient of $375,000 to hire five new police officers. Taylor is also exploring innovative ways to reduce crime, such as the use of bike patrols to reduce pedestrian crime in parks, schools, ally ways and side walk traffic. The Taylor community policing program has a special emphasis on re-enforcing citizen's neighborhood watch programs.

DARE is Drug Abuse Resistance and Education program, administered by the Bureau of Alcohol Tobacco & Firearms and the Taylor Youth Services Bureau. This program is designed to teach pre-adolescents how to resist the pressure of joining gangs and how to deal with the narcotics in their communities. The authorities report that these programs are working well in Taylor so far. Additional data is forthcoming.