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**TALKING POINTS: PRESIDENT WILLIAM JEFFERSON CLINTON
WORLD UNIVERSITY OF THE YOUNG PRESIDENT'S ORGANIZATION
WASHINGTON, D.C.
MAY 4, 1995**

- [Acknowledgements: Michael Collins for introduction; Doug Smollan, International President]
- It's good to see so many young presidents here. This is a very exclusive organization -- in fact, I thought I was the only member.
- We're not here this evening to talk about politics. We're here to talk about what's good for the country.
- You have come to Washington at a time of profound opportunities and challenges.
- After twelve years of exploding deficits and inattention to the needs of middle class Americans, my Administration has:
- passed a tax cut for 15 million Americans -- the EITC, our tax cut for the working poor;
- shrunk the size of government by more than 100,000 positions.
- We are also reducing the deficit by \$600 billion -- without interest on the debt run up between 1981 and 1992, our budget would be balanced;
- The economy has created 6.3 million jobs -- and in 1994, more jobs were created in high-wage industries than in the previous 5 years combined.
- We've created the lowest combined rate of inflation and unemployment in 25 years.
- In 1994, GDP growth was its highest in a decade.
- We're also the most pro-business Administration in recent memory:
- Most proactive and energetic Commerce Department in decades;
- an improved SBA -- we cut the loan form from an inch thick to a page long;
- over 90 percent of small businesses eligible for a tax cut through an increase in the expensing provision;
- expanding trade through NAFTA, GATT, and opening new markets in Asia and the Americas;

- signed law requiring Congress to abide by requirements it places on private employers;
- reducing regulations but maintaining those that protect public health and safety.
- But with all this progress, too many Americans don't feel the benefits and are uncertain about their future. Also growing anxiety about social and moral problems in the country.
- The average income for the bottom 60 percent of families fell in the last 15 years.
- New class of poor -- mostly unmarried women and their children. We must curb teen pregnancy.
- Technology revolution and global economy causing a new split in middle class, and the fault line is education -- those who have it are doing fine; those who don't are falling behind.
- Twin deficits: fiscal deficit and education deficit. We must deal with them both.
- Health care spending must be reduced in context of health care reform. No arbitrary cuts in Medicare and Medicaid.
- So, as we continue to reduce the deficit, we must maintain our investment in education and training: Head Start, apprenticeships, world class standards for our schools, college loans; Middle Class Bill of Rights -- consolidating training programs and tax cut for training.
- And we must continue to invest in the safety and security of our people -- brought home by the horror of the Oklahoma City tragedy.
- Crime bill balances punishment, police and prevention. Assault weapons ban must be maintained.
- We must focus on the special problem of terrorism. I've sent legislation to the Congress. It has broad bipartisan support. We must pass it this month.
- Small and medium sized businesses are the engine that will drive America successfully into the 21st century.
- We need your continued involvement and investment in the American dream. Thank you.
- [Leave time for questions]

TALKING POINTS FOR YOUNG PRESIDENTS ORGANIZATION
May 2, 1995

I am happy to be here today. I always enjoy meeting with YPOers. As there are a number of former YPOers in administration like Mack McLarty, Erskine Bowles, Billy Webster and of course Phil Lader. The Young President's Organization and the World President's Organization offer a unique opportunity to corporations throughout the world.

Small and medium size businesses are at the heart of the American economy and the Global economy as well. We look to you for our best new ideas -- from technological breakthroughs to redefining the way we work. You are the driving force behind our economic comeback -- 6.3 million new jobs created in just over 2 years. Last year we had the best job growth in a decade and the lowest combination of unemployment and inflation in 25 years.

All of our growth today is coming from folks like you--from business leaders who are creating new enterprises and new jobs at a record pace. Business investment in producers' durable equipment is up by an annual rate of 18%, while business failures were down by 17% in 1994.

For two years I have worked hard to cut the deficit, build a stronger private sector, and make government a smarter partner. The economy is up and the deficit is down -- by more than \$600 billion. In fact, without the interest on the debt run up between 1981 and 1992, our government's budget would be in balance today. That has freed up capital to create the investments that you all are making.

We have more security because we passed a serious crime bill that will lower the crime rate in communities across America. We have done more to shrink and reform the government's bureaucracy than any Administration in history.

But all that's not enough. Too many don't feel benefits; still feel uncertain about their future; are concerned about the social and moral problems of our society.

The American middle class is splitting apart and the fault line is education. Those who have it are succeeding. Those who don't are falling behind. Success as a nation will depend on how well we equip our citizens to meet the challenges of the new economy.

As you watch the debate over the next few months, I hope you will keep a close eye on what we are doing to reduce the deficit for our children. But I also hope you will look at what we are doing to invest in those children, so each and every one of them can live up to their God-given potential.

These are exciting times. If we make the right decisions, our greatest days are still ahead.

E X E C U T I V E O F F I C E O F T H E P R E S I D E

04-May-1995 11:50am

TO: James T. Edmonds

FROM: Theo Lubke
 National Economic Council

SUBJECT: ECONOMY UNDER CLINTON

THE ECONOMY UNDER PRESIDENT CLINTON

OUTSIDE EXPERTS VALIDATE THE ECONOMIC BENEFITS OF
PRESIDENT CLINTON'S DEFICIT REDUCTION PLAN:

Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System: "The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates. Although we may not all agree on the specifics of the deficit reduction measures, the financial markets are apparently inferring that, on balance, the federal government will be competing less vigorously for private saving in the years ahead. Partly because of these structural adjustments, the foundations of the economic expansion are looking increasingly well-entrenched." (1/31/94)

Paul Volcker, Chairman, Board of Governors of the Federal Reserve System (1979-1987): "The deficit has come down, and I have to give the Clinton Administration and President Clinton himself a lot of credit for that... (W)hat's important is that he acknowledged that it was a big problem and did something about it, fast. And I think we're seeing some benefits." (quoted in Audacity, Fall 1994)

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

USA Today: "One thing Clinton did to help keep the economy going, most experts agree, is commit right after taking office to reducing the federal budget deficit. As it dawned on financial markets that he might be serious about that effort, long-term interest

rates fell to 25-year lows. Investors cheered because if the federal government borrows less and spends more wisely, the economy should be better off." ("Economists Give Clinton Passing Grade", 1/23/95)

DEFICIT REDUCTION -- DEFICIT DROPPING 3 YEARS IN A ROW FOR THE FIRST TIME SINCE TRUMAN:

- o The deficit is projected to decline for three years in a row for the first time since Harry Truman was President.
- o The deficit will be \$616 billion less over five years because of the Clinton deficit plan. It will also drop in half as a percentage of national income -- from 4.9% to 2.4%.

- o The economic plan reduces the federal workforce and bureaucracy by 272,900 (bringing it down to the lowest level since the Kennedy Administration) and includes \$255 billion in spending cuts, one of the largest spending cut packages in history.
- o Because of the deficit reduction plan, the 1994 deficit as a percentage of GDP is projected to be tied for lowest among the G-7 countries. (Source: OECD)

UNEMPLOYMENT -- DOWN TO 5.5%, FROM OVER 7% AT START OF ADMINISTRATION:

- o The unemployment rate is at 5.5%, down from over 7% at the start of the Administration. There are now 1.8 million fewer people unemployed than at the start of the Administration -- a 20% drop in the number unemployed.

JOBS -- 6.3 MILLION ADDED IN JUST 26 MONTHS:

- o 6.34 million jobs have been created during the Clinton Administration -- two-and-a-half times as many new jobs as during the previous Administration -- in about half the time.
- o The economy created 3.5 million jobs in 1994 -- the best year of job growth in a decade and more jobs than in the entire previous administration.
- o More than four times more private sector jobs were created in 26 months than were created under all four years of the previous administration: (5.91 million vs. 1.31 million).
- o 93% of all new jobs during the Clinton Administration have been created by the private sector -- that's higher than the average during any other administration since Warren Harding was President (1921-23).
- o Since the President was inaugurated, the private sector has created 227,000 private sector jobs per month, over 8 times more jobs per month than were created under the previous administration (27,300).
- o Since the President was inaugurated, the economy has added 244,000 jobs per month -- that's nearly 50% more than the 167,000 jobs per month that were added during the Reagan Administration.

JOB QUALITY -- HIGH QUALITY JOBS BEING CREATED:

- o In 1994, more jobs were created in high-wage industries than in the previous five years combined.
- o The majority of job growth has been in higher-wage occupations.
- o Managerial and professional jobs make up more than half of the new jobs created since January 1994.
- o After losing more than 2 million manufacturing jobs over the 12 years prior to the Clinton Administration, the economy has added 339,000 manufacturing jobs since the Clinton budget plan was passed. Manufacturing jobs are up 14 out of the last 15 months and 1994 was the first year that manufacturing jobs increased every month since 1978.
- o Auto jobs have increased by 83,000 during the Clinton Administration -- after declining by 44,000 during the previous 4 years -- and are at their highest level since 1979.
- o Construction jobs are up 596,000 since January 1993. 1994 alone saw more new construction jobs than during the previous 9 years combined.

TAXES:

- o H&R Block and CBO confirm that the income tax rate increases will fall on only the top 1.2%, while 98.8% of American taxpayers paid the same or less taxes.
- o Over 15 million families, who work and make less than \$27,000 received a tax cut to reward work.
- o The plan made over 90% of small businesses eligible for a tax cut by increasing the equipment expensing provision and establishing the targeted capital gains tax preference.

INFLATION -- LOWEST CORE INFLATION SINCE 1965:

- o Inflation remains stable. The overall CPI rose just 2.7% in 1994, meaning that, next to the oil collapse of 1986, inflation under the Clinton Administration is the lowest since 1965.
- o Core CPI (excluding food and energy prices), rose just 2.6% in 1994 -- this is the lowest year of core inflation since 1965.

PROJECTED NATIONWIDE GROWTH:

- o According to Fortune, for the first time since 1984, all 50 states are expected to expand in 1995. (Fortune, August 8, 1994).

- o American growth is being generated solely by the private sector. Real GDP has risen at an annual rate of 3.5% during the Clinton Administration, even though government spending has been down. In fact, federal government purchases are down 6.2% during the Administration and overall government purchases are also down in the same time period. In a previous comment on this trend, the New York Times stated:

"The private sector is the only engine of growth in this recovery, unlike every other recovery in the last four decades, in which government spending accounted for at least part of the expansion." (New York Times, May 17, 1994)

CAR MANUFACTURING -- U.S. RETAKES WORLD LEAD:

- o The United States overtook Japan as the world's number one auto producer in 1994 for the first time since before Ronald Reagan was President. U.S. production totalled 12.4 million vehicles, 17% more than the Japanese total of 10.6 million vehicles. (source: Japan Automobile Manufacturers Association)

PRODUCTIVITY GROWTH -- TWICE AS HIGH AS PREVIOUS FOUR YEARS:

- o Annual productivity growth was 2.2% in 1994, more than twice as high as the 1.1% annual average from 1989 to 1992.

HOME SALES -- SECOND HIGHEST LEVEL EVER:

- o Existing-home sales for 1994 totaled 3.97 million. That's the largest total since 3.98 million in 1978 and the second largest total ever. (source: National Association of Realtors)

CONSUMER CONFIDENCE -- INDEX JUMPS MORE THAN 75%:

o Consumer confidence on the Conference Board Index is up 78% since the passage of the economic growth plan in August, 1993, reaching a four-year high.

(source: The Conference Board)

BUSINESS INVESTMENT -- AT A POST-WAR HIGH:

- o Investment in producer's durable equipment -- shown to be closely associated with productivity gains -- has soared at an 18.6% annual growth rate since the Administration took office, hitting a postwar high relative to GDP. By comparison, business investment growth averaged only 2.1% over the four years prior to the Administration.

MISERY INDEX -- AT LOWEST LEVEL IN OVER 20 YEARS:

- o In 1994, the Misery Index was at its lowest level since 1968. (The Misery Index is the sum of unemployment and inflation -- lower numbers indicate better performing economies.)
- o The level of the Misery Index thus far in the Clinton Administration is lower than the average during any Presidency since Lyndon B. Johnson.

COMPETITIVENESS -- U.S. DECLARED WORLD LEADER

- o The World Economic Forum has declared the U.S. to have the world's most competitive economy. This is the first time in 9 years that the U.S. has been selected for this honor.

BUSINESS FAILURES -- DOWN 17% IN 1994

- o Business failures dropped by 17% during 1994 as the benefits of the Clinton economic plan spread throughout the country. Corporate economist Dr. Joseph W. Duncan of Dun & Bradstreet stated: "The relatively low level of business failures during 1994 reflects strong business balance sheets in almost all regions. ...The past two years have been notable in that every sector in nearly all geographic regions has shown sharp declines in the number of business failures." (Source: Dun & Bradstreet)

Staff Contact: Theo Lubke
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