FOIA Number: 2012-0741-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Public Liaison

Series/Staff Member: Alexis Herman

Subseries:

OA/ID Number: 2906

FolderID:

Folder Title:
[Economic Talking Points]

Stack:	Row:	Section:	Shelf:	Position:
S	29	4	8	2

July 1, 1994

MEMORANDUM TO WHITE HOUSE STAFF

From: Gene Sperling

Subject: Economic Talking Points

As part of the effort to get out the economic message, we put out the following materials for the House and Senate Democrats. I have also included at the top a very good G-7 one pager that Laura Tyson, Larry Summers, David Sherman did on why the US is leading world growth.

The materials therefore include:

- **One Pager On US Economy at the G-7:**

- **Message Points**: a talking point document that reflects some of the *preliminary* thoughts that people working on the economic message have had.

- **1 Page Summary Sheet**: A One-Pager on Budget/Economic Accomplishments for the basic facts one would need for any speech or talk.

- **New Developments**: This documents lists some facts that have not been in previous talking points that might be of interest. For example, it has a very positive Business Week Poll that shows growing optimism (90%) among business leaders, a Study showing state revenues going up due to growth not taxes, and some proof that good jobs are being created.

- **3 Page Quick Summary of Economic Accomplishments**: This lays out in bullet-form a more expanded list of positive economic news.

- **Facts on Taxes**: This document that gives the facts on why only the top 1.2% pay face higher income tax rates, with these facts being validated by H&R Block and other sources.

- **Key Economic Statistics:** This is has a more in-depth list of economic facts on the main economic indicators that may be useful in defending the Administration's economic record.

- **Validating Quotes.** This documents is has quotes from sources like Alan Greenspan, Lehman Brothers, Business Week, Robert Reischauer that give the Administration credit for the improvement in either the economy or the budget.

THE U.S. ECONOMY ON THE EVE OF THE G-7 SUMMIT: LEADING THE WAY TO RENEWAL

The U.S. economy continues on a path of investment-led growth and low inflation. and is setting the pace for the G-7 as we approach the Summit. We're pleased that. led by our continuing, solid economic expansion, the other G-7 nations are moving into recovery as well.

- **Leading the way in growth.** Since last year's Tokyo summit, real GDP in the U.S. has grown by 4.2 percent. This represents the best performance for the G-7 economies during this period. In fact, it accounted for 75 percent of total G-7 growth for 1993-94. We expect to continue setting the pace for the rest of 1994 and into 1995.

- **Leading the way in job creation.** Our record here is the best in the G-7 as well, and by a wide margin. In fact, we've created 3.1 million private sector jobs since we took office, nearly all of the job creation in the industrialized world.

- **Leading the way in export growth.** U.S. exports in volume terms, are projected to rise by eight percent this year, faster than in any other G-7 country and double the G-7 average.

- **Leading the way in deficit reduction.** We are now on course to have the lowest budget deficit relative to GDP in the G-7 in 1995

- **Leading the way in private investment.** The U.S. has the fastest growth rate for private investment of any G-7 country. Spending on business equipment is at a postwar high.

- **Keeping inflation under control.** The U.S. inflation rate since Tokyo is the lowest in 20 years. Annualized rate for the first five months of 1994 was 2.3 percent.

- **Showing solid productivity gains.** Productivity growth in the U.S. is now more rapid than in Europe, Japan, and Canada.

GENERAL ECONOMIC TALKING POINTS

1. DRIFT IN THE FACE OF ECONOMIC CHANGE WEAKENED OUR ECONOMIC PROSPECTS:

- For over a decade, the past two Administrations chose drift and avoidance in an era of economic change and challenge. To ensure that America's middle class was strengthened during this period, the American people needed leadership that confronted its challenges, a solid foundation for private sector growth, and investment in giving its people the tools they needed to prosper in a new world economy.

- During the 1980s, our Administrations borrowed too much from our people and invested too little in our future. While taxes for the most well-off Americans were lowered, the deficit skyrocketed and at the same time we invested too little in the things that increase the productivity of our nation and the well-being of our people. As a result, too many middle class families found themselves running harder just to stay in place, and there was too little opportunity for others to work their way into a growing middle class.

2. ECONOMIC RENEWAL REQUIRES US TO PUT OUR HOUSE IN ORDER AND GIVE OUR PEOPLE THE TOOLS TO EMBRACE CHANGE AND MAINTAIN GOOD JOBS AND STRONG FAMILIES:

A: **PUTTING OUR HOUSE IN ORDER**: After skyrocketing deficits for 12 years, this President and the Democrats in Congress had the courage to make the tough choices necessary to bring the deficit down, start fixing the things broken in government, while investing more in our people. Together we took the following steps:

- **Historic Spending Cuts and Deficit Reduction**: As part of the largest deficit reduction package in history, the President and Democrats in Congress cut $255 billion in spending -- one of the largest spending cut packages in history.

- **Cut 272,000 Positions:** Cut 272,000 positions from the federal bureaucracy over the next five years so that the size of the federal bureaucracy will go to its lowest level since the Kennedy Administration.

- **Improved Tax Fairness Achieved:** While the deficit reduction plan relied on $255 billion in spending cuts, when taxes were raised, we asked only those in the top 1% to face higher income tax rates -- with every penny going to deficit reduction. At the same time we made over 90% of small businesses eligible for tax cuts and rewarded work by giving 15 million working families a tax cut.

B. POSITIVE RESULTS: Opponents of the 5-year economic plan passed by the President and Democrats in Congress predicted doom and gloom if Congress acted responsibly and passed the President's economic plan. The facts speak for themselves:

- **The Deficit Reduction Plan is Working**: As a result of the passage of the economic plan, the deficit is coming down for three consecutive years for the first time since Harry Truman was in the White House. Because of the passage of the economic plan, our deficit will now be the lowest as a percentage of national income of any of the major industrial countries in the world.

- **Stronger Economy:** After one of the slowest four year periods of job growth since the Great Depression, the economy, under the Clinton Administration, is now enjoying a solid growth with strong private sector jobs creation and low inflation.

- **Jobs:** In the first 16 months of this new Administration, the economy has created over 3 million private sector jobs -- nearly two and a half times more than were created in the economy during the entire Bush Administration.

- **Sound Economic Elements:** Core inflation is the lowest in 21 years; consumer confidence is at a four year high, business investment in equipment is the highest its been since WWII as a percentage of GDP, and more businesses were incorporated in 1993 since they started keeping records in 1946.

C: EQUIP OUR PEOPLE TO EMBRACE CHANGE, MAINTAIN STRONG JOBS AND STRONG FAMILIES: More needs to be done. While over half the new jobs being created are good, high wage jobs, too many are still temporary, low-paying jobs and too many families feel they are struggling to make ends meet. The only answer is to invest in our people throughout their lives to give them the tools they need to prosper.

- **Education**: That is why we passed a GOALS 2000 legislation to spur education reform, a new school-to-work legislation to provide more avenues for young people who don't get four year college degrees, and a new college loan legislation that will make loans cheaper for millions of young people, while giving students more choice including the option to borrow to invest in your education and then pay pack as a small percentage of your income.

- **Change and Jobs:** We must be committed to creating more jobs in this changing economy and ensuring that our people are equipped to prosper. We must pass the new world trade agreement that will create hundreds of thousands of jobs, while also passing a new re-employment and job training program that will help people get the training and the skills they need to gain employment, change jobs, and get ahead in the new economy.

• **Rewarding Work:** Re-employment is only one significant piece of the President and the Democratic Congress' plan to pass a strong pro-work agenda that rewards and honors work. The President has introduced a bold health care reform plan that will guarantee that people have health insurance they can depend on -- that they can never lose, whether they get sick or change jobs. And that is why he insists on welfare reform that ends welfare as we know it, and rewards work instead of idleness.

ONE PAGE SUMMARY ON ECONOMY/BUDGET

SPENDING CUTS:

• The economic plan included $255 billion in spending cuts, one of the largest spending cut packages in history.

• The economic plan reduces the federal workforce and bureaucracy by 272,000 -- bringing it down to its lowest level since the Kennedy Administration.

DEFICIT REDUCTION:

• The deficit is projected to decline for three years in a row for the first time since Harry Truman was in office.

• The deficit is projected to be cut nearly in half from where it was projected to be by the end of the economic plan.

TAXES:

• H&R Block and CBO confirm that the income tax rate increases will fall on only the top 1.2%, (families with $180,000 adjusted gross income and over) while 98.8% of American taxpayers paid the same or less taxes.

• Over 15 million families who work and make less than $27,000 received a tax cut to reward work. The plan made over 90% of small businesses eligible for tax cuts.

INVESTMENTS IN PEOPLE:

• Even with deficit reduction, significant investments were made in the American people. In 1993, funds for training displaced workers were doubled. Head Start was increased by over $500 million. WIC was put on a full-funding path. GOALS 2000 school reform legislation and a new school-to-work legislation passed. A new college Loan legislation was passed that will make loans cheaper, while giving students more choice including the option to borrow to invest in their education and then pay pack as a small percentage of their income.
The Earned Income Tax Credit is up $21 billion, benefiting 15 million working families. To give people real security for change, however, we must pass health care and re-employment.

JOBS AND EMPLOYMENT:

• In the first third of the Clinton Administration's first term, over 3 million privates sector jobs created -- nearly two and half times more than were created in the entire Bush Administration. When President Clinton came into office, the unemployment rate was 7.7%. Now it has gone down to 6.0%.

STRONG ECONOMIC ELEMENTS:

• Core inflation over the last 12 months is 2.8%, the lowest in 21 years. Consumer confidence is at its highest in four years, business investment in equipment is at its highest level since WWII, and businesses were incorporated in 1993 at a record level.

NEW DEVELOPMENTS

Below are recent or relevant facts or studies that have not appeared in the previous talking points and may be of some interest.

1. GROWTH THROUGH THE EXPANDING THE PRIVATE SECTOR NOT EXPANDING THE PUBLIC SECTOR:

- **Private Sector Growth and Decreases in Government Purchases**: Growth is being generated by the private sector, while there is a decrease in government purchases. While the recent revision of the first quarter GDP numbers for 1994 showed growth increasing by 3.4%, it also showed government spending down by 3.5%. Commenting on this trend a month earlier, the New York Times stated:

  > "For the first time since the late 1940s, the economy is growing strongly despite a sustained drop in purchasing by Federal, state and local governments. 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 p.D1)

- **Private Sector Job Growth**: This same trend holds true for the job growth as well. While 46% of jobs during the Bush Administration were created in the private sector, over 93% of the jobs created in the economy during the Clinton Administration have been in the private sector.

- **Cutting Federal Government Positions**: Those who voted for the 1993 economic plan, voted for cutting over 272,000 federal positions, which will bring the federal workforce to the lowest level since the Kennedy Administration.

2. SUMMARY OF BUSINESS WEEK/HARRIS EXECUTIVE POLL, 7/4/94:
The most recent Business Week/Harris Executive Poll demonstrates broad-based, growing optimism about the future of the economy among business executives around the country.

- 90% of the executives surveyed were optimistic about the outlook of the U.S. economy in the next year, up from 83% in December 1993.

- 44% of the business leaders believe that the rate of growth of the gross domestic product will increase more in the next 12 months than it did in the last 12 months. In comparison, six months ago only 25% of the executives expected higher growth in the next 12 months.

• Only half of the executives polled expect long-term interest rates to increase over the next 12 months, compared with two-thirds of the respondents six months ago.

• 87% of the executives believe that unemployment will either stay the same or fall over the next year. Nearly half the executives plan to increase the number of full-time employees in their company over the next year.

• Dramatically, over 90% of the business leaders expect sales in the next year to be higher than sales in the past year and 69% plan to increase investment in plants and equipment.

• 94% reported making a profit in 1993 and over 80% of those say they expect increased profits in 1994.

3. QUALITY JOBS:

• In 1992 about 50% of all the new jobs created were with temporary help agencies. In contrast, during President Clinton's first year temp jobs accounted for only 13.1% of all the new jobs created. (Business Week, June 20, 1994 p.32))

4. JOB PROSPECTS:

• According to Manpower Inc.'s third-quarter survey of 15,000 companies, 29% of U.S. businesses plan to hire workers this summer, the most bullish forecast since 1989.

• In a recent Business Week poll, nearly half of the senior business executives surveyed reported that they plan to increase the number of full-time employees in the next 12 months, while only 27% foresee a decrease in the number of full-time workers they employ.

5. STATE TAX REVENUES UP THROUGH GROWTH -- NOT NEW TAXES: A new study by the Center of the Study of the States found strong revenue growth for states in 1993 and 1994 due almost entirely to economic growth and not new taxes. This additional revenue takes pressure off local governments to raise taxes. In 1992, by contrast, almost all of the increase in revenues came from legislated tax increases.

	Total	Due to Tax Legislation
1992	7.8	6.8
1993	5.8	0.1
1994	6.7	0.4

Source: Center for the Study of the States

QUICK SUMMARY OF ECONOMIC ACCOMPLISHMENTS

When President Clinton came into office, the deficit had been going up for 12 years, trade agreements were stalled, job growth was at historic lows, consumer confidence was shaky. Since President Clinton came into office, the deficit is down, inflation is down, trade barriers are down, while private sector jobs are up 3 million, growth is strong and steady, consumer confidence is at 4 year highs, and new businesses are being incorporated at record highs.

DEFICIT REDUCTION:

- The deficit is projected to decline for three years in a row for the first time since Harry Truman was in office.

- The deficit is projected to be cut nearly in half from where it was projected to be by the end of the economic plan.

- As a percentage of national income, the United States's deficit is now projected to be the lowest of any major industrial economy.

- By 1998, the deficit will be $200 billion lower than where it would have been without Clinton deficit reduction plan.

- Because the economic plan relied on conservative numbers instead of rosy scenarios, the Congressional Budget Office has projected the deficit to be even lower than projected by Clinton Administration.

SPENDING CUTS:

- Economic plan included $255 billion in spending cuts, one of the largest spending cut packages in history.

- The economic plan reduces the federal workforce and bureaucracy by 272,000 positions -- bringing it down to its lowest level since the Kennedy Administration.

- Cut 300 different programs, two years in a row, including every major entitlement program.

- Called for eliminating over 100 domestic programs.

TAXES:

- H&R Block and CBO confirm that the income tax rate increases will fall on only the top 1.2% (families making over $180,000 in adjusted gross income), while 98.8% of American taxpayers paid the same or less taxes.

- Over 80% of the new taxes were on families making over $200,000

- Over 15 million families who work and make less than $27,000 received a tax cut to reward work.

- The plan made over 90% of small businesses eligible for tax cuts.

ECONOMIC GROWTH:

Jobs:

- In the first third of the Clinton Administration's first term, over 3 million private sector jobs were created -- nearly two and half times more than were created in the entire Bush Administration.

- When the Clinton Administration came into office, the economy has created seven more private sector jobs per month than under the Bush Administration.

- One third into President Clinton's term, the economy has created over 3 million jobs, well ahead of the 8 million jobs he promised

- In 1993, over two million jobs were created -- over 60% of them were good, managerial, professional or technical jobs paying 46% (or $675 per week) above the average job.

Unemployment Rate:

When President Clinton came into office, the unemployment rate was 7.7%. Now it has gone down to 6.0%.

Inflation:

- Core inflation over the last 12 months is 2.8%, the lowest in 21 years. The overall CPI over the last 12 months is 2.3%, the second lowest rate since 1965.

Business Incorporations:

- In 1993, there were more new business corporations than any time since Dunn & Bradstreet started keeping records, nearly 50 years ago at the end of World War II.

Strongest in 20 Years:

• Federal Chairman Alan Greenspan said that the economy was in the strongest shape in two decades, and that the deficit reduction passed in 1993 had contributed to this stronger economy.

Consumer Confidence:

• Consumer confidence went up to 92.0, the largest increase in four years. It is up approximately 50% since the Congress passed the Clinton economic plan.

Investment:

• Business investment in productive equipment is the highest percentage of our national income as since World War II.

• After going down -3.5%, in 1991, and up 6.9% in 1992, business investment in productive equipment was up 16.3% in 1993 and up 16.8% in the first quarter of 1994.

INVESTMENT IN PEOPLE:

• Despite severe deficit reduction constraints, important new economic legislation was passed and significant increases were made in key investments in people.

• In 1993, funds for training displaced workers is doubled, going to over $1 billion for the first time.

• Head Start was increased by over $500 million;

• WIC was put on a full-funding path, and increased funding by $350 million.

• Earned Income Tax Credit is up $21 billion for 15 million families.

• GOALS 2000 legislation passed to spur education reform, while a new school-to-work legislation passed to provide more avenues for young people who don't get four year college degrees.

• New college Loan legislation was passed that will make loans cheaper, while giving students more choice including the option to borrow to invest in your education and then pay pack as a small percentage of ones income.

THE FACTS ON TAXES

The President's economic plan shifted federal priorities while bringing the deficit down in a fair and balanced manner. The plan included over $250 billion in spending cuts and nearly as much deficit reduction from revenue increases. The plan called for tough choices, including a 4.3 cents per gallon gas tax, requiring the top 12.5% of Social Security recipients to include more of their benefits as taxable income, and a 1% rate increase on less than 1% of major corporations.

Yet, the Administration stated that the tax rates were only raised on the top 1.2% of working households -- while 98.8% saw no tax rate increase, and indeed 15 million households were eligible for an expanded Earned Income Tax credit. While much misinformation was put forth last year, it is important to assess the facts. Attached are some key facts, with some of the source materials attached.

THE PRESIDENT'S PLAN REDUCED THE DEFICIT IN THE MOST FAIR WAY POSSIBLE: BY RAISING RATES ON ONLY THE TOP 1.2% -- HOUSEHOLDS MAKING OVER $180,000.

- As the Washington Post reported, the Congressional Budget Office has found "only a sliver of tax filers -- 1.2% will a face higher income tax bill on April 15 because of the Clinton Administration's economic program, according to the Congressional Budget Office." The "income tax applies only to taxable income in excess of...gross income of roughly $185,000." ("GOP Tax Issue May Fade Away: Only 1.2% of Filers will face Increase, CBO study Finds," Washington Post 1/13/94 p.A8)

- As Newsweek Columnist Jane Bryant Quinn writes: "What with all that hooting and hollering over President Clinton's income tax law, you might believe that your tax has probably gone up. Relax. The tax increase on 1993 returns hit only 1.2 percent of taxpayers, all of them in the highest brackets. They're influential, so when they holler they get heard. But they can afford the higher rate and their payments will help to slow the rise in the mammoth federal deficit. For everyone else, so little is new that preparing your own taxes should be a breeze." (March 15, 1994)

GAS PRICES ARE LOWER TODAY THAN WHEN THE BUDGET WAS BEING CONSIDERED: The American Automobile Association reported that even after the 4.3 cents a gallon tax increase, gas prices will be down on Memorial Day by 2.7 cents from the year before.

MIDDLE CLASS WORKING FAMILIES ARE HELD HARMLESS: NO INCOME TAX RATE INCREASES: 98.8% OF ALL AMERICANS WILL NOT SEE THEIR TAX RATES INCREASE.

- H&R Block have confirmed that:

  - income tax rates are raised only on the "top 1.2% of all taxpayers"

  - there is *"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 the Income Tax Consequences of the Revenue Reconciliation Bill of 1993" pp. 21-24.

- Deloitte & Touche's analysis showed the change for working families in 1993 based on changes in tax rates. The analysis found the following changes:

Income AGI	Taxable Income	Change
$50,000	$30,100	$0
$100,000	$73,600	$0
$150,000	$116,346	$0
$200,000	$166,166	$1,308
$500,000	$441,746	$21,990
$1,000,000	$886,746	$60,260

"Deloitte & Touche Income Tax Rate Analysis, Present and Proposed Law Tax Rate Scenarios, Typical Taxpayers -- New Top 1993 Rates."

15 MILLION FAMILIES -- OVER 15% OF ALL TAXPAYERS WHO WORK -- WILL RECEIVE A TAX CREDIT TO REWARD WORK:

- The President's plan expanded the Earned Income Tax Credit so that 15 million more families and households will get a tax cut to ensure the President's commitment that if you work full-time and have a child at home, you should not have to raise that child in poverty. According to H&R Block, 16% of all taxpayers will get a tax cut due to the Earned Income Tax Credit.

- This expansion helps working families with low-incomes get ahead, and is a first building block in the President's plan to reward work over welfare.

OVER 90% OF SMALL BUSINESSES ARE ELIGIBLE FOR TAX CUTS:

Only about 4% of owners of small businesses make over $180.000 in adjusted gross income and therefore are affected by the increase in the highest tax rates. while over 90% of small businesses will be eligible for tax reductions through increases in expensing and a new capital gains tax cut targeted to small business. As the Wall Street Journal writes: "only 4% of those taxpayers who report some business income on their tax returns -- and that includes partners in law firms and investment bankers as well as owners of small manufacturing companies -- make sufficient money to be hit by the higher tax rates." "Foes of Clinton's Tax Boost Proposals Mislead Public and Firms on the Small Business Aspects." Wall Street Journal, July 20. 1993

- Small businesses are now allowed to expense 75% more due to the President's economic plan -- going from $10.000 to $17.500.

- There is a new capital gains tax cut targeted to expansion and creation of small businesses. Investors who invest for more than 5 years in small businesses can get a 50% cut in their capital gains rate.

- The plan also continued the 25% deduction for health premiums for the self-employed. The President is now proposing a 100% deduction in his health care plan.

TAXES ON THE TOP 1.2% HAVE NOT HAD A NEGATIVE EFFECT ON THE ECONOMY: While all agree that the deficit reduction package has helped strengthen our long-term economic prospects, some had warned that the modest increase on taxes on those in the top 1% of individual and corporate filers could have a negative impact on the economy. Most analysts now reject this view.

- **According to the Wall Street Journal**: "Just how much will the Clinton tax increase on the most well-off Americans hurt the economic recovery? Although the tax rise will take some zest out of consumer spending, mainstream economists say it poses no serious threat to the economy." ("Higher Taxes Unlikely to Hurt Recovery: Economists See Minor Impact on Consumer Spending," Wall Street Journal, December 22. 1993)

- **According to Business Week**: Back in August, when President Clinton's five year, $240 billion tax increase passed, the Senate critics predicted the worst...Well, a funny thing happened on the way to Armageddon. The economy which was growing at an anemic 1.3% annual rate before the tax hike became law, expanded at more than twice that rate during the second half of 1993. What's more. economists figure growth reached 4% or more in the fourth quarter. And in the six months since Clinton signed the measure nearly a million new jobs have been created, while personal consumption has come close to 4%....it suggests that fears about the increase of a modest tax increase were overblown." ("The Tax Hike Won't Derail the Recovery," by Howard Gleckman. Business Week, January 31. 1994)

KEY ECONOMIC STATISTICS
June 29, 1994

1. UNEMPLOYMENT:

• *UNEMPLOYMENT RATE IS DOWN:* The unemployment rate declined from 6.4% in April to 6.0% in May. *It has now declined from 7.7% in January 1993 to 6.0% for May, 1994.*

2. JOB CREATION:

• *THE ECONOMY HAS CREATED ALMOST TWO AND HALF TIMES MORE PRIVATE SECTOR JOBS IN 16 MONTHS THAN WERE CREATED UNDER ALL FOUR YEARS OF THE PREVIOUS ADMINISTRATION*: Under the four year period of the previous Administration only 1.311 million private sector jobs were created (1/89–1/93). In the first 15 months of the Clinton Administration, 3.115 million private sector jobs were created.

- *While 93% of the jobs created during the Clinton Administration's tenure have been in the private sector, only 54% of the jobs created during the previous four years were in the private sector.*

- *MORE THAN SEVEN TIMES MORE PRIVATE SECTOR JOBS PER MONTH:* The economy has created 195,000 private sector jobs per month in the first 15 months of the Clinton Administration -- more than seven times the 27,000 private sector jobs per month created in the previous four years.

• *MORE JOBS OVERALL IN 16 MONTHS (3.357 MILLION) THAN IN THE PREVIOUS FOUR YEARS COMBINED (2.444 MILLION):*

• *MORE THAN A MILLION JOBS IN THE FIRST FIVE MONTHS OF 1994: AHEAD OF SCHEDULE FOR 8 MILLION JOBS IN FOUR YEARS:* The economy has now created more than 1,237,000 million total jobs in the first five months of the year, 96% (1,186,000) in the private sector. More than two million jobs were created in 1993. The current pace --247,000 jobs a month -- puts the economy well ahead of schedule to create "2 million more in '94" and ahead of schedule to create 8 million jobs by the end of 1996.

• *MANUFACTURING JOBS ROSE SIX TIMES IN THE PAST EIGHT MONTHS*: After serious declines for several years, manufacturing jobs were up in six of the past eight months. They are now up 56,000 over the last eight months.

• *CONSTRUCTION EMPLOYMENT HAS INCREASED FOR ELEVEN STRAIGHT MONTHS:* Construction employment has increased for eleven straight months. After declining by 664,000 jobs during the Bush Administration, construction jobs are up 386,000 jobs since January 1993.

• *AUTO JOBS ARE UP*: Auto employment has increased 46,000 over the last 12 months from 820,000 to 866,000.

3: HIGH QUALITY JOBS ARE BEING CREATED

• In 1993, over half of the new jobs created were professional, managerial or technical jobs paying 46% above the average wage.

• In 1992 about 50% of all the new jobs created were with temporary help agencies. In contrast, during President Clinton's first year temp jobs accounted for only 13.1% of all the new jobs created.

4. BUSINESS PEOPLE ARE OPTIMISTIC ABOUT FUTURE JOB CREATION:

• In a recent Business Week poll, nearly half of the senior business executives surveyed reported that they plan to increase the number of full-time employees in the next 12 months, while only 27% foresee a decrease in the number of full-time workers they employ. 86% believe that unemployment will either stay the same or decline.

• In addition, the Manpower Inc.'s third-quarter survey of 15,000 companies shows that 29% of U.S. businesses plan to hire workers this summer, the most bullish forecast since 1989.

5. MORE BUSINESSES BEING CREATED & FEWER ARE FAILING: Dunn and Bradstreet stated that "In 1993, the United States posted the greatest number of yearly business incorporations since Dunn & Bradstreet began reporting this data in 1946." In addition, business failures also declined by 11.4% in 1993.

6. INFLATION REMAINS LOW:

- While we are vigilant in watching for inflation, the signs so far remain positive.

- Core CPI (excluding food and energy prices), over the past 12 months rose 2.8% - the lowest annual increase in over 21 years. The overall CPI has been 2.3% over the last 12 months, the second lowest since the 1966.

- Top private forecasters still see moderate/low inflation, and have even decreased their inflation forecasts. The June Blue Chip Forecast projects inflation to be down from 3.0 percent in 1993 to 2.7 percent in 1994 and at 3.3 percent in 1995.

- The American Automobile Association reported that even after the 4.3 cents a gallon tax increase, gas prices will be down on Memorial Day by 2.7 cents from the year before.

- The Producer Price Index was negative (-0.4%) over the last 12 months and the core PPI was just 0.4% -- close to the smallest increase since the government started measuring this series in 1974, when price controls were in place.

- Average prices of finished goods leaving America's factory gates are lower, in absolute terms, than a year ago.

5. BUSINESS CONFIDENCE IN THE ECONOMY:

- Fortune Magazine, finds CEOs of both large and small companies are more optimistic about the future than they have been in nearly a decade. More than 80% of small business and major CEOs report that their own sales are up, and 40% say they plan to hire new employees.

- The most recent Business Week/Harris Executive Poll published in the July 4, 1994 demonstrates broad-based, growing optimism about the future of the economy among business executives around the country. The poll showed that:

- 90% of the executives surveyed were optimistic about the outlook of the U.S. economy in the next year, up from 83% in December 1993.

- 44% of the business leaders believe that the rate of growth of the gross domestic product will increase more in the next 12 months than it did in the last 12 months. In comparison, six months ago only 25% of the executives expected higher growth in future 12 months.

• Nearly half the executives plan to increase the number of full-time employees in their company over the next year. In addition, 87% of the executives believe that unemployment will either stay the same or fall over the next year.

• Dramatically, over 90% of the business leaders expect sales in the next year to be higher than sales in the past year and 69% plan to increase investment in plants and equipment.

• 94% reported making a profit in 1993 and over 80% of those say they expect increased profits in 1994.

6. CONSUMER CONFIDENCE:

• Consumer confidence is up to 92.0 on the Conference Board Index for June, the highest in four years. Indeed, consumer confidence is up over 50% since the passage of the economic growth plan in August, 1993.

• People are starting to become more upbeat about job prospects. According to the consumer confidence survey from the University of Michigan, the number of people believing that jobs were hard to get has declined from 41.6% to 29.1%.

• A USA/CNN/Gallup Poll released May 25, 1994 found that more people now believe they are better off economically than at any time since September 1990.

7. BUSINESS INVESTMENT:

• Investment spending for equipment in 1994 is now at the highest level relative to GDP in the postwar period.

• In the first quarter of 1994, investment in equipment was also up a strong 16.1% at an annual rate. Business investment in equipment from the end of 1992 to the end of 1993 was the highest in 20 years.

• Since the beginning of 1993, real business spending on equipment is up 17.8%. Total capital spending reached $592 billion in 1993 (in inflation-adjusted dollars), a near record 12% of the gross domestic product.

• Capital spending will remain strong in the future. The most recent Business Week/Harris poll of business leaders reports that nearly 70% of the executives plan to increase the amount of investment in plant and equipment over the next year.

• Factory capacity growth so far in 1994 is the fastest since 1985. According to economists at Dean Witter Reynolds Inc., U.S. companies have announced plans for more than 60 new plants and 70 plant expansions already this year.

• A Commerce Department report on June 9, 1994 revealed that US businesses plan to lift real investment on new plant and equipment by 8.9% in 1994.

• Federal Reserve Data reveals that "businesses are increasing their borrowing from banks to help finance expansion plans, adding fuel to the economy" and that business loans at the nation's banks rose $20 billion between September and March 23, according to the Federal Reserve. ("Firms Increase Bank Financing for Expansion," Wall Street Journal, April 8, 1994)

8. BLUE CHIP FORECAST:

• The Blue Chip Forecast for June showed solid growth with low inflation for the next two years.

• The Blue Chip forecast for June predicts growth of 3.7% in 1994 and 2.8% in 1995.

• The Blue Chip inflation forecast is lower. While inflation was 3.0 in 1993, it is projected to be down to 2.7% in 1994, and up to only 3.3% in 1995.

9. INTEREST RATES:

• Deficit reduction plan helped lower interest rates and which fueled the interest-sensitive parts of the economy and helped jump-start and solidify economic recovery.

• Over 5 million families were able to refinance their homes at average savings of over $1000 a year, and most are still reaping those savings even as interest rates have moved up, because they refinanced at fixed rates.

• Longterm interest rates today are still far below the 9.9% average of the Bush-Reagan Administrations, while mortgage rates are well below the 11.06% average of the Reagan-Bush era.

10. HOUSING STARTS:

• Housing starts are up 29.0% since January, 1993 after declining -38.5% during the Bush Administration. Housing permits are up 22% over the last year.

11. AUTO SALES:

- **Auto sales up almost 17% in the first quarter:** Sales of new cars and light trucks are "booming" -- up almost 17% for the first quarter of 1994 over the first quarter of 1993, and sales hit a seasonal adjusted rate of 15.9 million units in March. Sales have dropped back in April and May, but are still above year-earlier levels. Earlier in 1994, Chrysler reported its highest monthly vehicle sales in its 69-year history and Ford and General Motors had their highest light truck sales ever.

- Auto jobs have increased by 46,000 over the last 12 months.

12. PRODUCTIVITY:

- Productivity growth in the Clinton recovery has been strong a strong 2.6%, far higher than the 1.6% annual average under the Bush-Reagan Administrations.

COMMENTARY ON ECONOMIC PLAN

Alan Greenspan, Chairman, Board of Governors of the Federal Reserve System, 1/31/94:

"The actions taken last year to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long-term interest rates. 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.*"

"The outlook, as a result of subdued inflation and still low long-term interest rates, is the best we've seen in decades." 2/22/94

"The outlook for the U.S. economy is as bright as it has been in decades. Economic activity has strengthened, unemployment is down, and price trends are subdued. In addition, unlike some earlier periods, business spending on new plant and equipment has been an important contributor to growth. This strength in investment will enhance economic efficiency and lay the foundation for the production gains that will bolster the economic welfare of our nation." (Testimony to the House Budget Committee, 6/22/94)

Robert D. Reischauer, Director, Congressional Budget Office, 1/27/94:

"The deficit picture is significantly brighter than it appeared one year ago when the Congressional Budget Office projected that the deficit would soar above $350 billion by fiscal year 1998. CBO now projects that the federal budget deficit will fall from $223 billion in the current fiscal year to below $170 billion in 1996, then creep up to $200 billion in 1999. *The dramatic improvement since last January is largely the result of the enactment in August of a major package of tax increases and spending-cuts--the Omnibus Budget Reconciliation Act of 1993.*"

Lehman Brothers, 1/10/94:

"To President Clinton's credit, early last year he rejected an either/or construction for U.S. growth versus deficit reduction. Clinton's blueprint for economic revival had as its centerpiece a multi-year program of deficit reduction, but it promised higher growth in the short run. A move to restrain deficit spending, he wagered, would both lower U.S. long-term interest rates and energize U.S. interest sensitive sectors. Lower deficits, lower long-term rates and higher real growth was the overall promise. With the data now rolling in for December 1993, it seems clear that President Clinton delivered on all three counts over the second half of the year."

Stehphen Roach, Senior Economist at Morgan Stanley (Wall Street Journal, 6/6/94):

"The forces of moderation are now intact. We could grow at 2.5% to 3.0% for two or three years or longer without a major glitch."

Business Week, 2/7/94:

"Both Clinton and the economy head into 1994 on the momentum from a strong showing at the end of 1993. *Lower long-term interest rates, for which the White House can take partial credit*, helped to rev up spending for cars, homes, and durable goods generally, boosting factory orders and production, while better growth in jobs and incomes kept people happy. The good news for the first quarter is that the fundamentals that lifted the economy at the end of last year remain in place, ready to support job growth this quarter."

Business Week, 7/4/94:

"Indeed a new Business Week/Harris poll shows that top managers are far from fearful of the economic future. Fully 90% of the 401 senior executives surveyed were optimistic about the outlook for the U.S. economy in the next year, up from 83% in a similar query last December. Likewise only half of the executives polled expect long-term interest rates to increase over the next 12 months compares with two-thirds of the respondents six months ago."

U.S. News & World Report, 2/14/94:

"The danger is that Washington's ideological clamor will drown out a quiet economic truth: *Last year's budget package changed fiscal policy significantly, and the economy is already responding.* The yield on a 10-year Treasury note averaged just 5.9 percent in 1993, compared with the 6.7 percent forecast by CBO one year ago and consumer spending moderated to 2.7 percent down from 3 percent that CBO had predicted. Clinton's budget for fiscal 1995 will project a deficit of roughly $178 billion - a dramatic improvement over the $230 billion shortfall that economists predicted just one year ago. Clinton will propose freezing or cutting budgets at 10 of 14 cabinet agencies and eliminating perhaps 115 separate federal programs."

David Stockman as Reported by David Broder, 2/8/94:

"The most upbeat analysis of what lies ahead for America, under his (President Clinton's) policies, comes from none other than David Stockman, the architect of the Reagan administration budgets that the Democrats loved to hate. Stockman, now a New York investment banker, showed up in Washington last week with an economic forecast that he acknowledged is brighter and shinier even than those he produced as Reagan's budget director in the early '80s, which Democrats derided as "Rosy Scenario." At a conference here, Stockman drew a picture of: Steady economic growth through the end of the decade, with little or no threat of inflation. A budget deficit sinking to a "comfortable" and infinitesimal fraction of the nation's annual economic output. Health care costs under control, especially if Congress passes a stripped-down version of the Clinton plan."

Allen Sinai of Lehman Brothers as Reported by the Washington Post, 3/2/94

"This is the healthiest the American economy has been in 30 years."

Washington Post, 2/14/94

"Slowly, but successfully, the American economy seems at last to have worked through the past two decades' accumulated policy errors and resulting disasters. For the first time in years, official Washington's midwinter forecasts speak of strong performance ahead. One reason for it is the decline in the federal deficit, an achievement being loudly celebrated by the Clinton administration....But there more, and the optimism goes well beyond the White House. The most cautious of observers, Federal Reserve Board Chairman Alan Greenspan, concedes that the foundations of economic growth "are looking increasingly well-entrenched. Robert Reischauer of the Congressional Budget Office, whom one senator described as "somewhat of a dark messenger in the pasts, sees years of steady growth ahead. Mr. Greenspan points out that core inflation rate is now lower than at any time since the early 1970s .... Next year the CBO calculates, the budget deficit will be 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 business investment is rising powerfully."