

ECONOMIC REPORT OF THE PRESIDENT

To the Congress of the United States:

Four years ago, we began a journey to change the course of the American economy. We 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 a chance—not a guarantee, but a real chance—at the American dream. We have worked hard to achieve that goal, and today our economy is stronger than it has been in decades.

THE ECONOMIC RECORD

The challenge we faced in January 1993 was to put the economy on a new course of fiscal responsibility while continuing to invest in our future. In the last 4 years, the unemployment rate has come down by nearly a third: from 7.5 percent to 5.4 percent. The economy has created 11.2 million new jobs, and over two-thirds of recent employment growth has been in industry/occupation groups paying above-median wages. Over the past 4 years inflation has averaged 2.8 percent, lower than in any Administration since John F. Kennedy was President. The combination of unemployment and inflation is the lowest it has been in three decades. And business investment has grown more than 11 percent per year—its fastest pace since the early 1960s.

As the economy has grown, the fruits of that growth are being shared more equitably among all Americans. Between 1993 and 1995 the poverty rate fell from 15.1 percent to 13.8 percent—the largest 2-year drop in over 20 years. Poverty rates among the elderly and among African-Americans are at the lowest level since these data were first collected in 1959. And real median family income has risen by \$1,600—the largest growth rate since the Administration of President Johnson.

THE ECONOMIC AGENDA

Our comprehensive economic agenda has helped put America's economy back on the right track. This agenda includes:

- *Historic Deficit Reduction.* Since the 1992 fiscal year, the Federal budget deficit has been cut by 63 percent—from \$290 billion to \$107 billion in fiscal 1996. As a percentage of the Nation's gross domestic product, the deficit has fallen over the same period from 4.7 percent to 1.4 percent, and it is now the lowest it has been in more than 20 years. In 1992 the budget deficit for all levels of government was larger in relation to our

economy than those of Japan and Germany were to theirs. Now the deficit is smaller by that same measure than in any other major industrialized economy. And this Administration has proposed a plan that balances the budget by 2002, while protecting critical investments in America's future.

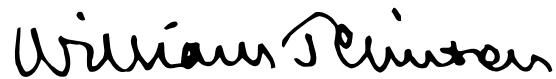
- *Investments in Education and Technology.* Deficit reduction remains a priority, but it is not an end in itself. Balancing the budget by cutting investments in education, or by failing to give adequate support to science and technology, could actually slow economic growth. To succeed in the new global economy, our children must receive a world-class education. Every child in America should be able to read by the age of 8, log onto the Internet by the age of 12, and receive at least 14 years of quality education: 2 years of college should become as universal as high school is today. And we must make sure that every child who wants to go to college has the resources to do so.
- *Expanding Markets.* We have aggressively sought to expand exports and open markets abroad. In the past 4 years we have achieved two major trade agreements: the North American Free Trade Agreement and the Uruguay Round accord of the General Agreement on Tariffs and Trade, which established the World Trade Organization. Members of the Asia-Pacific Economic Cooperation forum and the proposed Free Trade Area of the Americas have committed to establishing free trade among themselves by 2020 and 2005, respectively. And we have opened new markets abroad by signing more than 200 other important trade agreements. As a result, U.S. exports have boomed, which means higher wages for American workers in export industries—often 13 to 16 percent higher than the rest of the workforce.
- *Reforming Government.* The strength of the American economy lies in the energy, creativity, and determination of our citizens. Over the past 4 years we have worked hard to create an environment in which business can flourish. And as the private sector has expanded, the Federal Government has improved its efficiency and cost-effectiveness. We have energetically reformed regulations in key sectors of the economy, including telecommunications, electricity, and banking, as well as environmental regulation. And we have reduced the size of the Federal Government as a percentage of the workforce to the smallest it has been since the 1930s.

CONTINUING TO CREATE AN ECONOMY FOR THE 21ST CENTURY

America's workers are back at work and our factories are humming. Once again, America leads the world in automobile manufacturing. Our high-technology industries are the most competitive in the world. Poverty is down and real wages are at last beginning to

rise. And we have laid the foundations for future long-term economic growth by reducing the deficit and investing in education.

During the past 4 years, we have worked to prepare all Americans for the challenges and opportunities of the new global economy of the 21st century. We have worked to restore fiscal discipline in our government, to expand opportunities for education and training for our children and workers, to reform welfare and encourage work, and to expand the frontiers of free trade. But there is more work to be done. We must continue to provide our citizens with the tools to make the most of their own lives so that the American dream is within the reach of every American.

A handwritten signature in black ink that reads "William Clinton". The signature is written in a cursive style with a large, prominent initial 'W'.

THE WHITE HOUSE

FEBRUARY 10, 1997