

Economic Recovery and Job Creation

U.S. Department of the Treasury



**Presentation by Secretary Paul O'Neill to
The President's Economic Forum
Waco, Texas August 13, 2002**

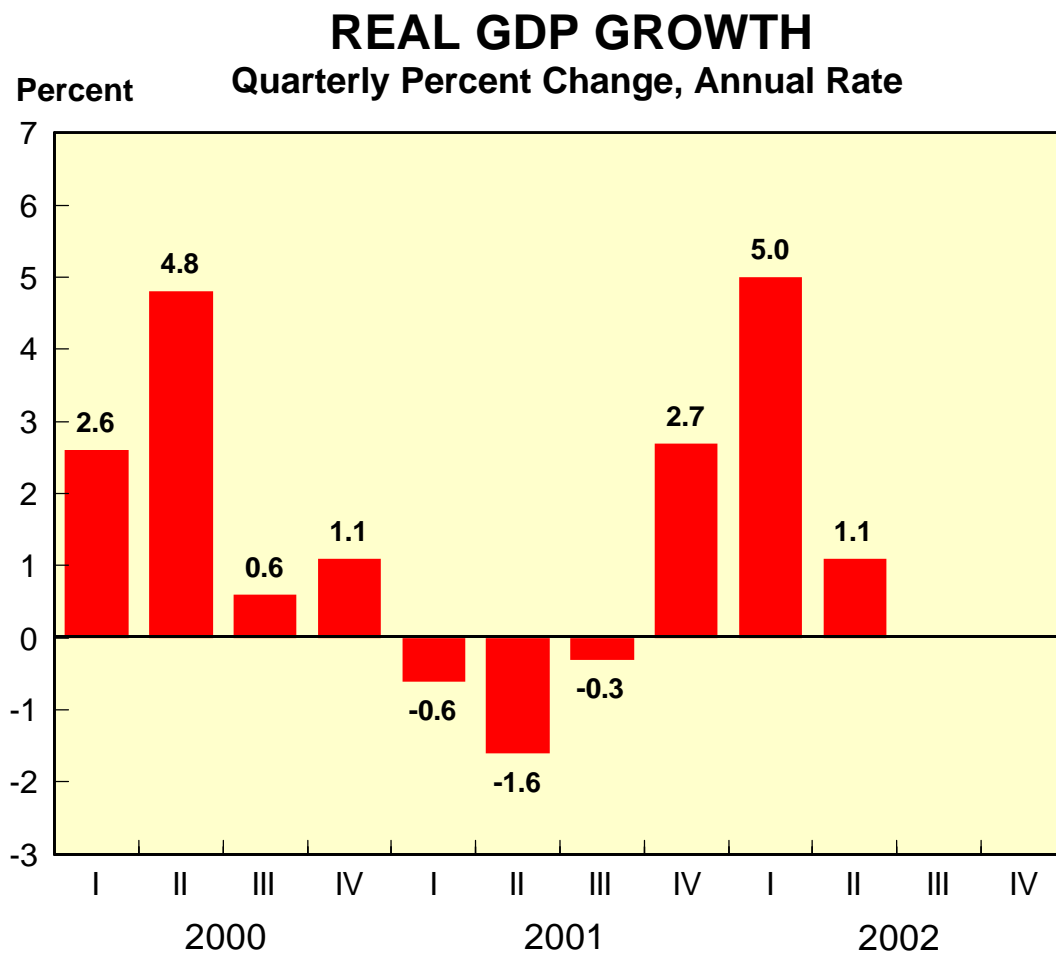
President Bush believes that economic freedom is the foundation for individual success and prosperity. The President's economic agenda invests in individuals by:

- Creating jobs;
- Expanding opportunities to save and invest;
- Providing a good education; and
- Helping each American own part of the American dream.

“Our nation is on track for sustained economic growth, but the President won’t be satisfied until every American who wants a job can find a job, and all Americans have economic security.”

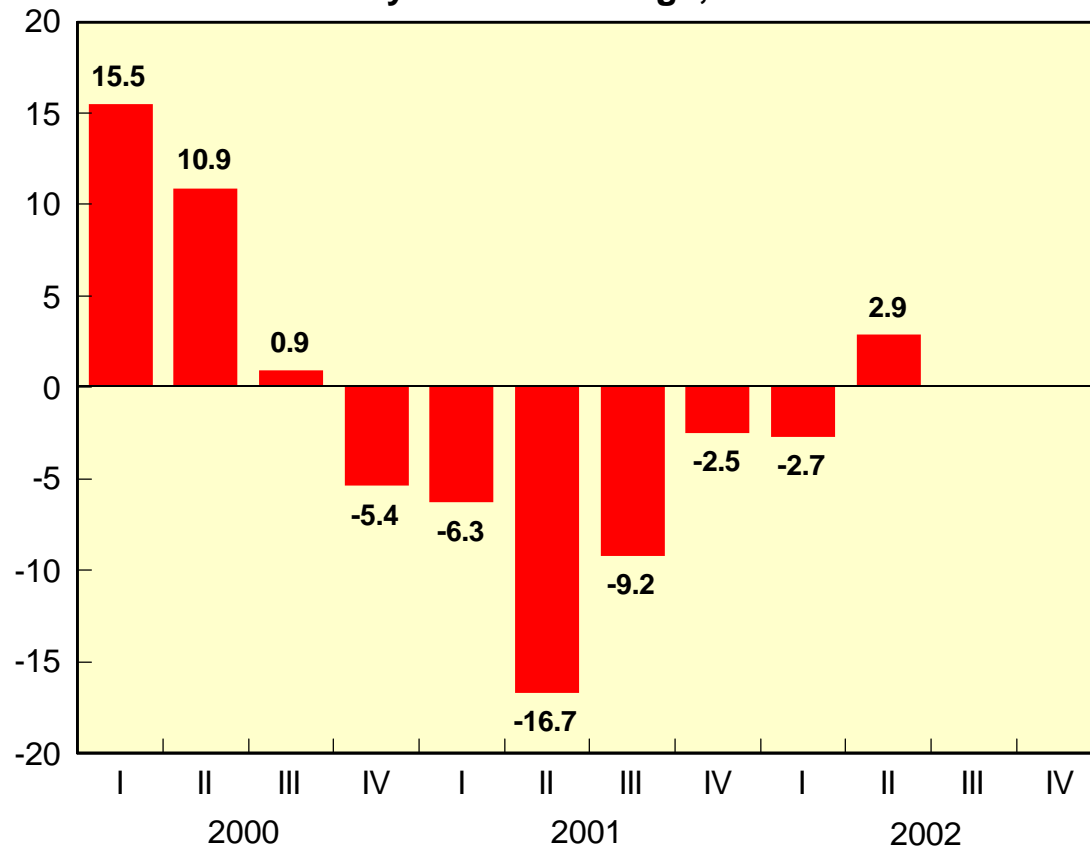
What We See	What It Means
Strong Productivity Growth	Raises wages and profits aiding job creation and investment. Productivity is the key to America’s living standards and international competitiveness.
Rising Real Wages	Americans have more money to spend now than they did a year ago because real wages are up 2.5 percent between June 2001 and this June, taken together with tax cuts and low inflation.
Low And Stable Inflation	Slower inflation makes worker’s paychecks go farther, helps businesses planning for jobs and expansions, and facilitates pro-growth policies.
Low Interest Rates	Housing and auto sales are strong. Education is more affordable, sparking demand and creating jobs.
Lower Taxes	Reduced tax rates raise workers’ take home pay, facilitating household purchases of consumer goods, raising saving, and aiding entrepreneurs. Business expensing makes it more attractive for businesses to invest and create jobs.

GDP growth returns after tax relief



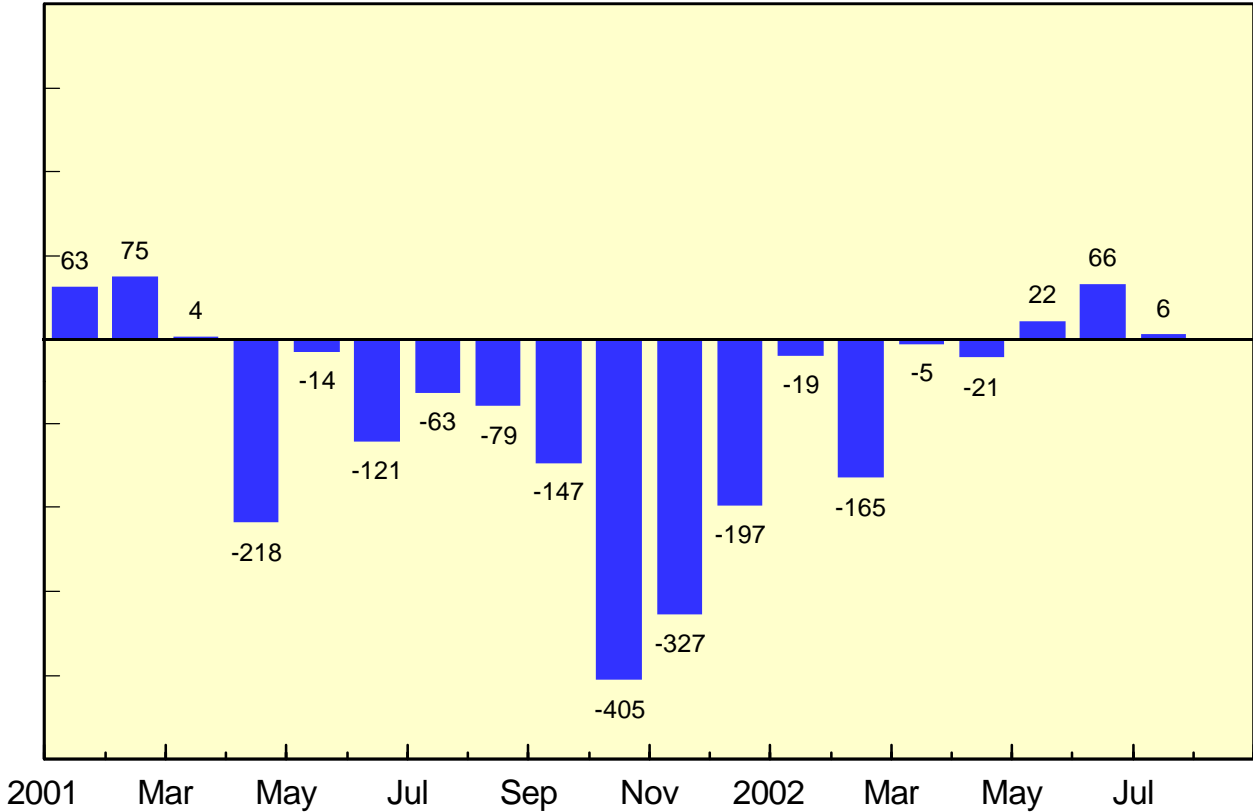
Business investment expands

INVESTMENT IN EQUIPMENT AND SOFTWARE
Quarterly Percent Change, Annual Rate



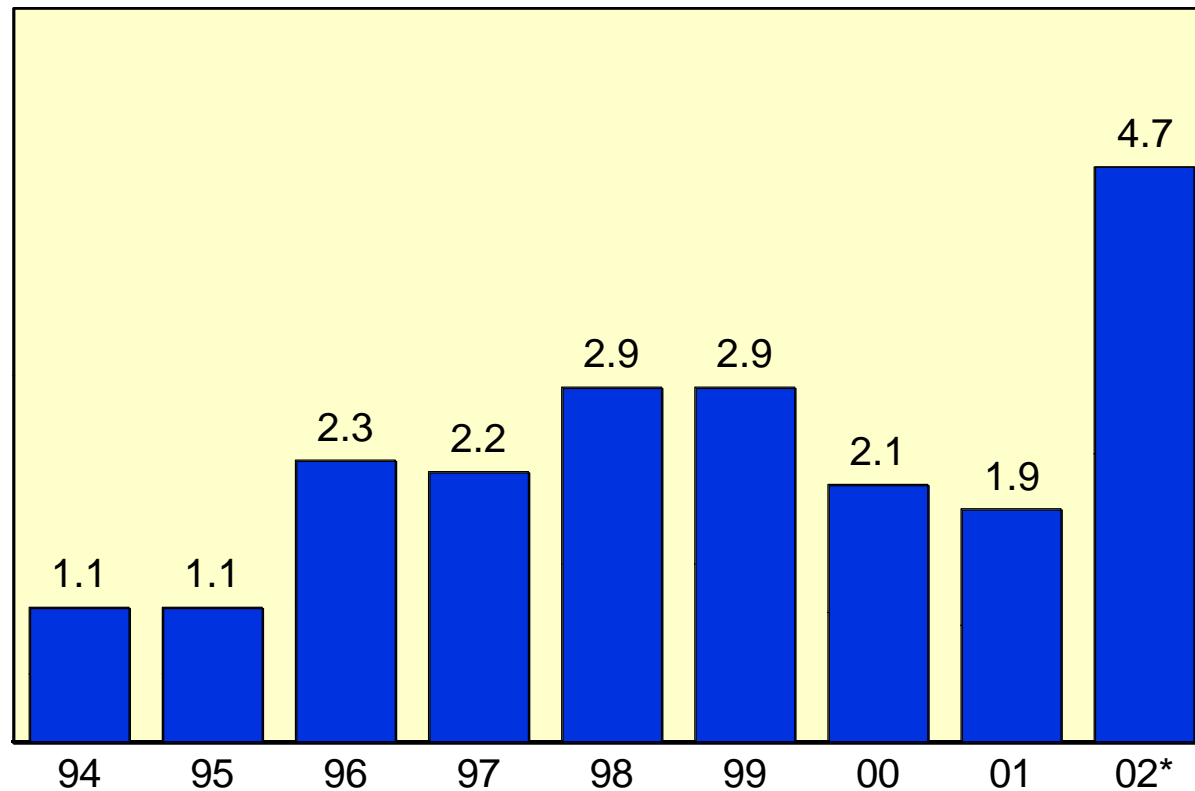
Economy is slowly creating jobs.
Growth needs to be stronger.

NONFARM PAYROLL JOBS
Change in Thousands, Monthly



Productivity growth is strong

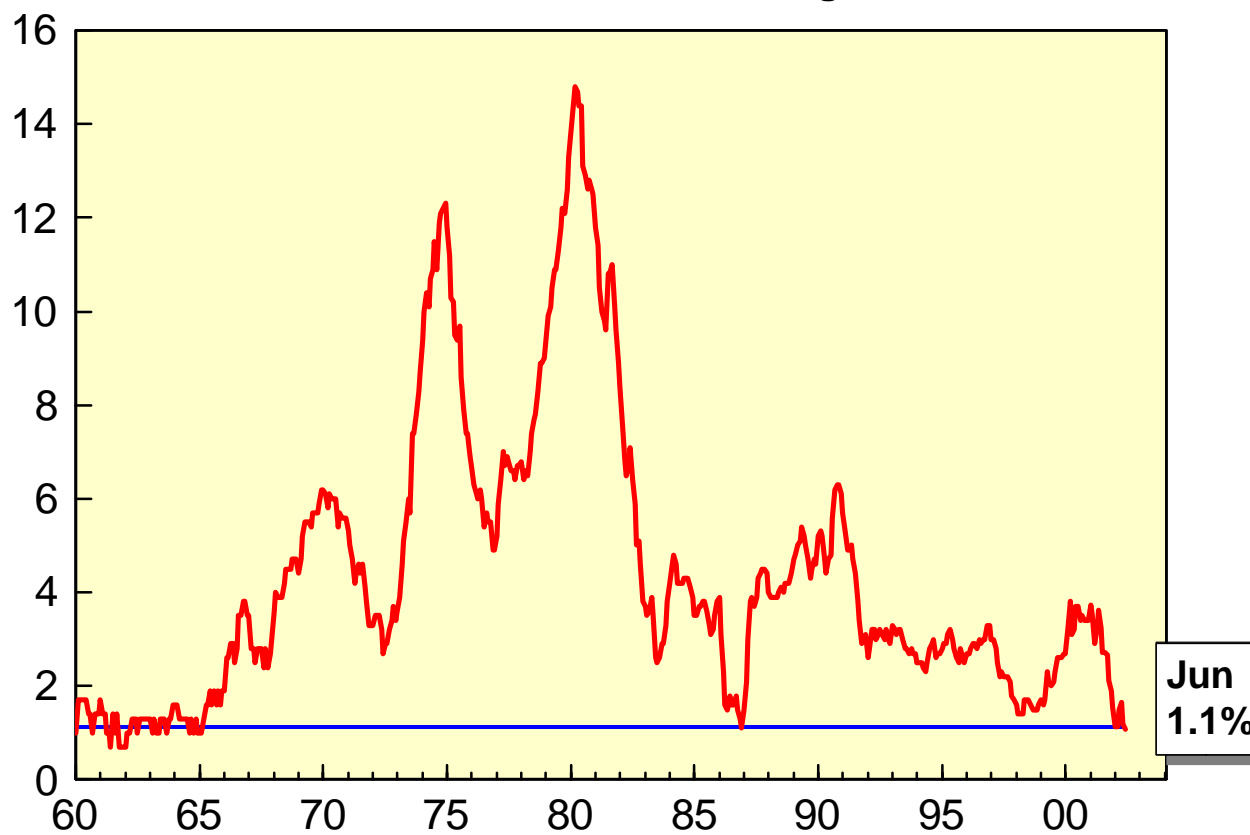
PRODUCTIVITY
Percent Change, Fourth Quarter to Fourth Quarter



*Percent change 2001 QIV to 2002 QII, annualized.

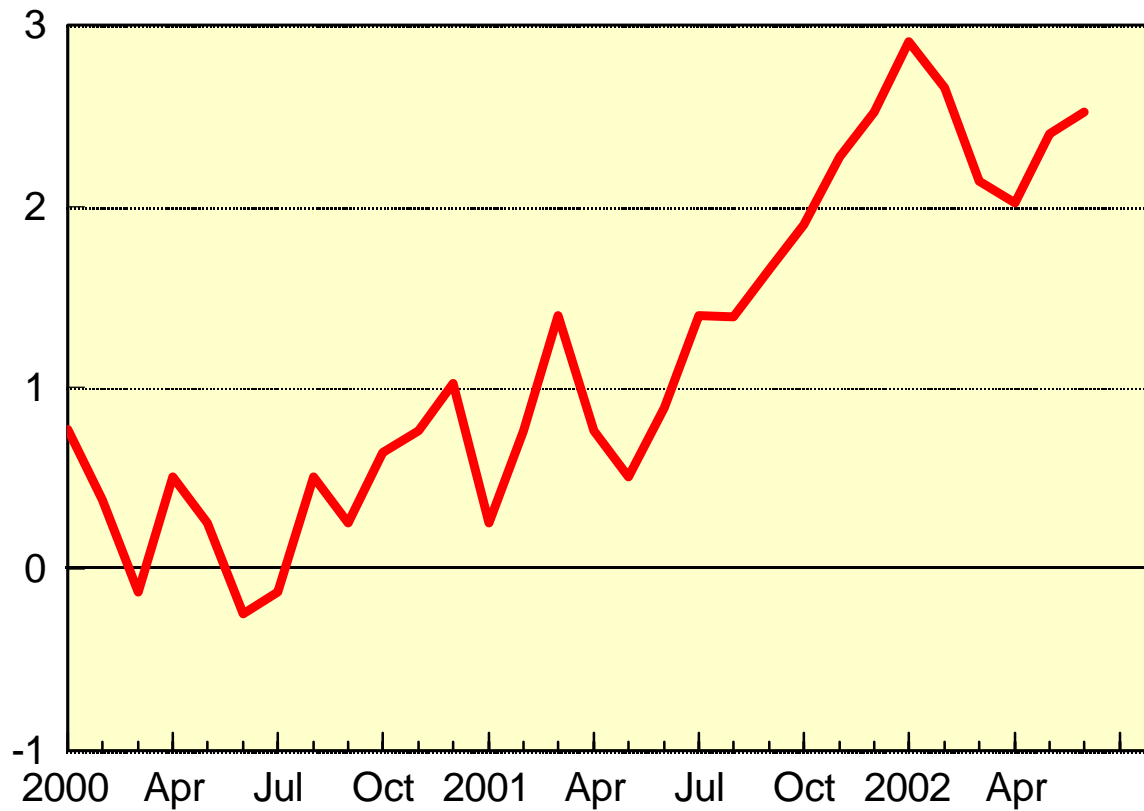
Inflation rate lowest in nearly 40 years

CONSUMER PRICE INDEX
12-Month Percent Change



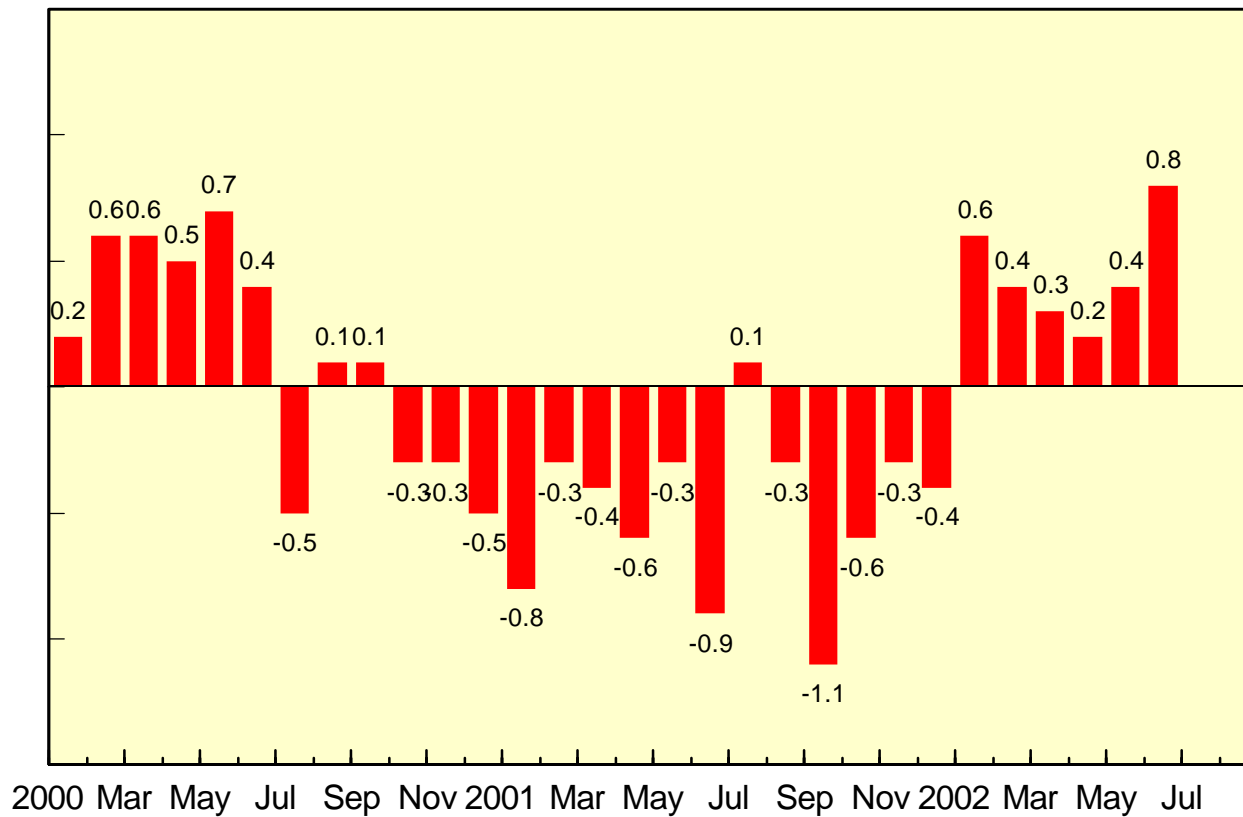
Real earnings growth has accelerated

REAL AVERAGE HOURLY EARNINGS
Percent Change from a Year Earlier



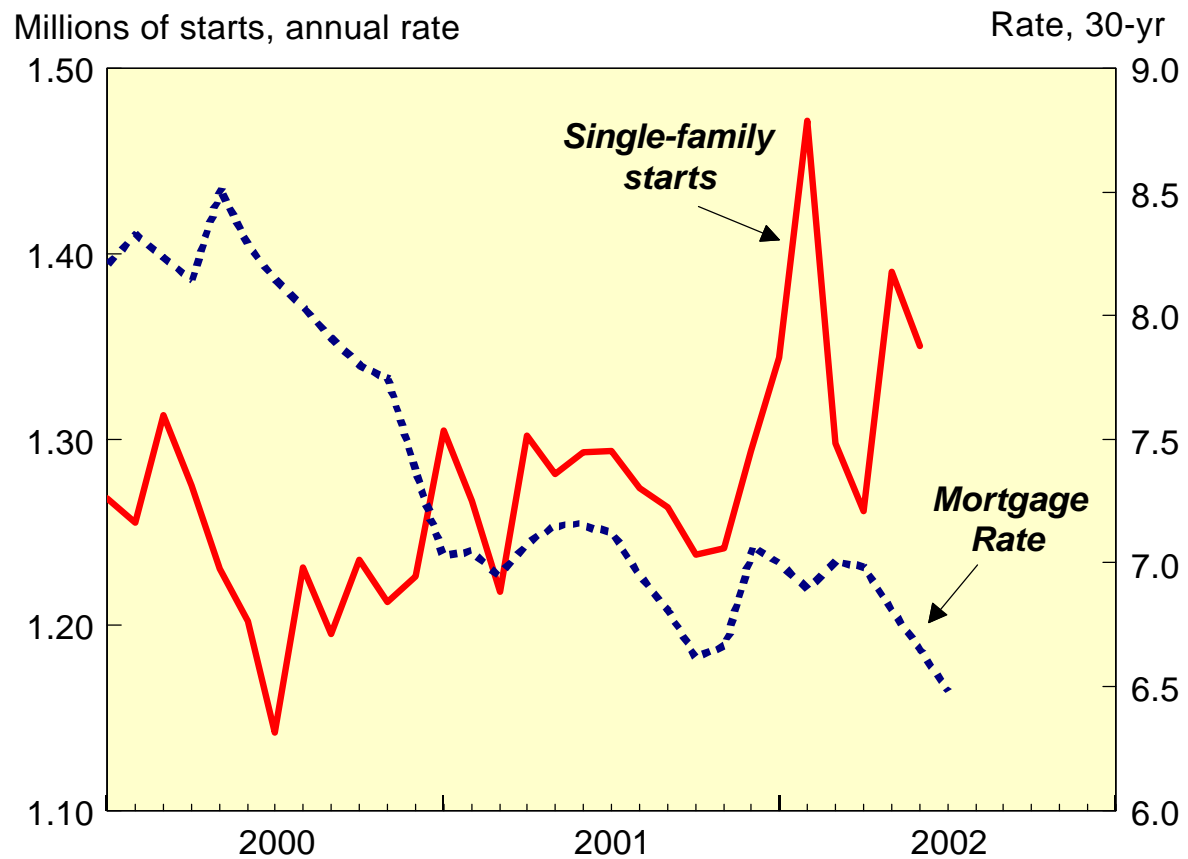
Industrial sector growing

INDUSTRIAL PRODUCTION Monthly Growth, Percent



Low mortgage rates keep housing strong

30-YEAR MORTGAGE RATE AND SINGLE-FAMILY HOUSING STARTS



Although there is reason for optimism, the President will continue to work with Congress to enact additional measures to strengthen our economy. To ensure continued growth and recovery the President seeks to enact the following:

- **Terrorism Insurance** "Backstops" private insurance, permitting major construction projects to proceed, creating jobs.
- **Pension Protections** Gives American workers additional control and flexibility, allowing them to better protect their hard-earned retirement savings.
- **Tax Simplification** Reduces the burden of government on working families and businesses that puts a significant drag on the economy.
- **Energy Legislation** Reduces foreign energy dependence, increases domestic production, and keeps energy prices low.
- **Free Trade Agreements** Provide new markets for American-made goods and services overseas, creating jobs at home; provides for more inexpensive consumer goods in the U.S.
- **Fiscal Restraint** Keeps government spending in check to get budget in balance and to have all resources necessary for prosecution of War Against Terror.
- **Homeland Security** Establish Department of Homeland Security to provide for defense of America against future terrorist attacks.