

## Office of the Governor

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### NEWS RELEASE

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### **NEW JERSEY'S ECONOMIC PERFORMANCE UPGRADED AND SURPASSES ORIGINAL PROJECTIONS**

New Jersey's economy keeps getting stronger, and has surpassed the already rosy projections for 1999, according to a report released today by the Governor's Council of Economic Advisors.

"The stronger than expected national economy has most economic indicators for New Jersey ahead of our original projections," said Council Chairman Joseph J. Seneca. "Our revised forecast anticipates higher total job estimates, stronger personal incomes and healthier retail sales for New Jersey."

New Jersey should add another 60,000 to 65,000 new jobs in 1999 according to the mid-year outlook. The unemployment rate will remain near 4.5 percent as a result of the state's burgeoning labor force.

"The best news is that New Jersey's growing economy is benefiting all our citizens," said Gov. Christie Whitman. "That means we're seeing significantly greater opportunities for women and minority workers in everything from computer technology to Research and Development, from media to finance."

"While the strong national economy has supported our growth, I also recognize that our responsible fiscal planning has played a major role in creating and sustaining New Jersey's long-term prosperity," she said.

"For example, since 1994, we've cut taxes 34 times while investing record amounts in our public schools. We've saved taxpayers nearly \$9 billion while making an unprecedented commitment to land preservation. We have achieved the largest budget surplus in our history and bolstered the state pension system by more than \$40 billion while cutting welfare rolls in half," Gov. Whitman said.

"Since Governor Whitman took office in 1994, we've added more than 360,000 jobs to the New Jersey work force," said Chief Executive Officer and Secretary Gualberto "Gil" Medina of the New Jersey Commerce and Economic Growth Commission. "The Mid-Year Review again demonstrates that the Governor's business climate policies and incentive programs are working to attract and keep business in our state while creating greater economic opportunities and prosperity for our citizens."

The service industry continues to grow at an accelerated pace of 2.8 percent, nearly matching the 3 percent gain in 1998. So strong is the service industry -- which includes high technology services, including computer services, engineering, accounting and R&D; laboratories -- that it is expected to account for

nearly all statewide job growth in 1999. Rising consumer spending along with a healthy tourism season have boosted retail employment by 2.1% this year.

The Council of Economic Advisors also looked at how New Jersey's economic boom has affected two minority groups, and found a healthy increase. The mid-year outlook notes that New Jersey's impressive employment growth rate has resulted in significant gains for African Americans and Hispanics during 1992-1997. According to a U.S. Department of Labor survey, African American employment figures grew by 94,000, or 22 percent; the employment rate for Hispanics increased by 17 percent.

The Council of Economic Advisors predicts that New Jersey's Gross State Product will rise by 5 percent, rather than the 4 percent originally projected in January. Personal income will surpass January's figures by .5 percent (4.3 percent to 4.8 percent). With low inflation and a strong economy, real GSP will grow by 3.3 percent rather than the 1.9 percent forecast in January. Real personal income is estimated to surpass its 2.1 percent projection by a full percentage point to 3.1 percent. As a result, consumer spending is also expected to continue to grow by an additional .9 percent (from 4.6 to 5.5 percent).

According to the mid-year report, residential construction will continue to expand as disposable incomes rise and interest rates remain stable. At mid-year, residential construction is expected to increase from 25,700 to 35,800 housing units. Optimism for strong non-residential construction remains high as mega construction projects in Atlantic City get underway. Office building along the Hudson River waterfront and infrastructure improvements at Newark International Airport and Port Newark contribute to the outlook.

"The risks of this upgraded forecast are limited," said Seneca. "With no threat to New Jersey's major business sectors, few signs of overextended markets and modest local rates of inflation, the New Jersey economy will continue to thrive into the year 2000."

