

TALKING POINTS ON THE ECONOMIC PLAN
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The President's economic plan will bring bold change to America. It completely changes the direction of the federal government, reconnecting it to the needs of working Americans and disconnecting it from the special interests, restoring growth and fairness to economic policy for the first time in a very long time.

The President's plan is rooted in these core principles:

- * To generate more and better jobs for millions of Americans who are out of work; over the course of four years, over 8 million new jobs will be created.
- * To increase incomes for all working Americans; and
- * To provide long-term, structural change to the economy by:
 - Increasing investments in the many ingredients necessary for economic strength, including people, infrastructure, and technology development; and
 - Reducing the deficit through over 150 specific program cuts.

For the past twelve years, the deficit went up while investment in people went down. The President's plan will flip that pattern 180 degrees: investment will go up and the deficit will go down.

The plan has three basic components:

- I An immediate stimulus program of \$30 billion to provide a jumpstart for the 9 million Americans that are still out of work:
 - * The stimulus program will produce nearly 500,000 jobs by the end of 1994.
 - * It invests in the nation's traditional and future infrastructure, with money dedicated to putting people back to work, rebuilding roads and bridges and creating information highways.
 - * It includes a series of incentives that will spur private investment including a tax credit for small businesses that invest in growth, providing new employment opportunities; and a tax credit for firms that invest in the research that results in technological innovations which, in turn, result in new jobs.
 - * It expands the summer jobs program to finance 683,000 new summer jobs.
- II An ambitious plan for long-term investment that redirects the mistaken spending priorities of the past:
 - * The plan invests in private sector job creation through tax incentives for small businesses as well as other companies; it recognizes that small businesses are the engines that drive economic growth and invests in them by: establishing a permanent investment tax credit for small businesses; and making a special

effort to insure that small manufacturers have easy access to technical expertise.

- * It will invest in education and training, by promoting lifelong learning and initiating the most ambitious plan of training and retraining ever conceived, including a defense conversion plan to insure that displaced workers have the skills they need to find jobs in our changing economy.
- * It expands the Earned Income Tax Credit; the president is standing firmly by his commitment to insure that no parent who works full-time will be forced to watch his or her family live in poverty.
- * It invests in children by providing money so that all eligible children can attend Head Start and babies who need vaccinations will have them.
- * It fully funds the Women, Infants, and Children program (WIC) to guarantee that our children grow up healthy, not hungry.
- * It calls for a number of incentives to explore new technologies that will create high-wage jobs and keep America on the cutting edge. These incentives will encourage the use of defense technology for civilian purposes.

III A serious, credible plan for deficit reduction to guarantee long-term economic growth and increases in wages.

- * The President's deficit reduction plan is the largest in history; it will result in a \$500 billion gross deficit reduction over four years.
- * This is accomplished by over 150 real, specific cuts in government programs and a revenue plan that restores fairness to the tax code, asking the most from those who profited the most in the 1980's. These cuts represent \$126 billion in non-defense spending over four years.
- * This deficit reduction plan will mean a drop in interest rates and a corresponding increase in consumer confidence that will spur economic activity and create jobs.
- * When interest rates drop, businesses will be able to afford loans to expand, and middle-class people will be able to afford loans to buy houses, to buy cars, and to send promising students to college.

The entire development of this plan was guided by a commitment to change, fairness, economic recovery, and honesty.

- * It provides a balanced approach between getting the economy going again right away and taking the long-term steps, including deficit reduction, to keep the economy going in the future.
- * The President's plan brings a new era of integrity and involvement to the budget process:

It marks the end of smoke and mirror budgets and pie-in-the-sky rosy scenarios; it places a premium on telling the truth and uses one of the

most conservative scenarios available for projecting the economy's growth.

The President was intimately involved in the process and fully understands the tough choices facing the American people. He went through the budget line by line and step by step.

Fundamental change in America will require a contribution from every American but the President's plan guarantees that it will be fair.

- * His plan turns first to government; he has already cut the White House staff by 25% and ordered the federal government to trim \$9 billion in administrative fat over the next four years.
- * He turns next to corporations and special interests, raising the corporate tax to 36% and eliminating loopholes that allowed them to avoid paying their fair share in the 1980's.
- * The President's plan then turns to the rich and, in fact, asks more of them than he thought would be necessary in the campaign. Over 70% of the new revenues in the plan will come from those who make more than \$100,000 a year.

The tax rate for the wealthiest Americans will be raised to 36% and the President is calling for a 10% surtax on millionaires.

- * The depth of the problem forced the President to turn to the middle class to contribute as well. The plan introduces a broad-based energy tax, based on the energy content of the fuel. The whole package is the most progressive tax package ever proposed:

Families whose combined income is under \$30,000 a year will be shielded from the effects of the increase.

The energy tax will conserve resources, decrease dependence on foreign oil, and reduce pollution.