

FACT SHEET

August 27, 1992

Issues Office



PRINCIPLES OF ECONOMIC GROWTH: PRESIDENT BUSH VERSUS BILL CLINTON

Fundamental Differences in Economic Philosophy

BUSH

- Believes in **reducing** taxes.
- Believes in **reducing** government spending.
- Believes in **less** government regulation and intrusion.
- Believes in **empowering people** to make their own decisions whenever possible.

CLINTON

- Believes in **increasing** taxes.
- Believes in **increasing** government spending.
- Believes in **more** government regulation and intrusion.
- Believes in allowing bureaucrats to exercise **more control** over peoples' lives.

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Fundamental Differences on Job Growth

BUSH

Creating Jobs:

Wants to create jobs by opening export markets for American goods and increasing business investment.

- Fighting for an economic growth package that would **create 500,000 new jobs** this year alone.

- The President's **\$5,000 tax credit for first-time homebuyers** will create 272,500 jobs in the real estate and construction sectors.

- Proposing a **cut in the capital gains tax** to spur long-term growth and job creation.

- Proposing a health care plan that provides all Americans with access to affordable health coverage while preserving individual choice and quality care. The President's health plan will also make it easier for small businesses to provide affordable coverage to employees.

- Proposed a **flexible worker retraining program** to be financed by cuts in other government spending.

- Has helped make America the number one exporter in the world, thus creating 1.8 million new jobs. Recognizing that exports are the engine of economic growth, conceived a new free trade zone from the Yucatan to the Yukon; 400,000 new jobs and increased exports will result from NAFTA.

CLINTON

Losing Jobs:

Believes massive new taxes, government spending, and new government mandates on business will create jobs.

- Fighting for the largest tax increase in history as part of a plan that will **cost 2.6 million Americans their jobs**. Of these, 1.7 million job losses will come from rash defense cuts and a burdensome health care plan.

- Has **not supported** the President's tax credit for first-time homebuyers.

- Though he supported a capital gains cut in his first economic plan, Clinton now calls the President's capital gains tax cut a "tax break for the rich." Small business owners cite it as the leading growth-creating tax relief measure.

- Proposing new health care system relying on employer mandates and a government run health care system: would entail a **7% to 9% payroll tax** on all workers, **costing 700,000 jobs**, and reducing take-home pay for the average worker by up to \$1700.

- Proposed a government-based worker retraining program financed by a **1.5% payroll tax** on all workers. This will result in **300,000 lost jobs**.

- Democratic Platform endorses protectionist legislation. Clinton has failed to repudiate it, and has assured the AFL-CIO that he would follow the lead of Dick Gephardt on NAFTA. Though seemingly supportive of NAFTA, Clinton, under pressure, is now fudging.

Fundamental Differences on Government Spending

BUSH

Cutting Government Spending:

Believes government is too big and spends too much.

- Has proposed a series of measures that would cut overall government spending by **hundreds of billions of dollars**.
- Wants to restore accountability and discipline to government spending by getting the Congress to pass a **Balanced Budget Amendment** and line-item veto authority.
- Proposed a **cap on the growth of entitlement spending** (excluding Social Security) that could save nearly \$300 billion over five years.
- During his Administration President Bush has proposed \$132 billion in **specific spending cuts for mandatory programs** that Congress has failed to enact.
- Proposed the outright elimination of 246 specific discretionary programs and over 4,000 projects.
- Wants to empower American taxpayers to force **deficit reduction** and congressional spending discipline. A **check-off box on each tax form** would allow taxpayers to dedicate up to 10% of their tax payment to reducing the national debt. If all individual income taxpayers elect the full 10%, the federal debt would be reduced by about \$50 billion in the first year. To ensure real deficit reduction, overall spending caps would be reduced by an equal amount.

CLINTON

Increasing Wasteful Spending:

Believes in more government spending and larger government bureaucracies.

- Wants the federal government to spend at least **\$219 billion more**, not counting the added cost of his "play-or-pay" health plan.
- **Opposes the Balanced Budget Amendment**. Says he supports a line-item veto but has **done nothing** to get Democrats in Congress to pass one.
- Has been **silent** on controlling the growth of entitlements.
- Proposed **one change** in entitlements that would save just \$600 million next year. The bulk of other "real" cuts proposed by Clinton are derived by slashing defense beyond even those levels proposed by Democrats in Congress.
- Proposed to eliminate only one specific program -- the honey bee subsidy program, which Senator Gore voted to retain.
- Claims his tax hikes -- the largest in history -- would be sufficient to get a measure of deficit reduction. In fact, Clinton's proposed budget would **increase the deficit** by nearly \$200 billion over four years.

Fundamental Differences on Taxes

BUSH

Cutting Taxes:

Believes that lower taxes are the key to spurring new economic growth.

- Has proposed to **reduce taxes across-the-board** as government spending is cut. The President has already proposed \$132 billion in specific savings, enough to finance significant tax cuts. He has also proposed a cap on mandatory spending which will provide nearly \$300 billion in savings over the next 5 years -- sufficient to finance further tax cuts.

- Will **slash the capital gains tax rate** to 15% to spur new investment -- a measure cited by small business owners as the tax cut most needed to create new growth.

- Proposed a new **investment tax allowance** to encourage investment in better equipment and productivity; a permanent tax credit for research and development; reform of the alternative minimum tax; modification of passive loss rules for real estate; and creation of enterprise zones (within which the capital gains tax rate would be zero).

- Proposed new measures to help families meet the cost of raising children: **a \$500 increase in the per child personal exemption** and creation of **Family Savings Accounts** including penalty-free withdrawals to meet home purchase, education, and medical costs. Proposed a **\$5,000 tax credit for first-time homebuyers** to help young families achieve the dream of homeownership.

CLINTON

Raising Taxes:

Believes massive new taxes are the key to economic growth.

- Has proposed the **largest tax increase in American history** -- at least \$150 billion over four years, not including an additional \$80 billion in new health care payroll taxes. Wants to hike income tax rates even though 75% of those affected will be small businesses.

- Previously supported a cut in the capital gains rate, but now says it will only benefit "the rich."

- Says he favors an investment tax credit and a permanent tax credit for research and development. But the Democratic Congress has blocked the President's proposal to make the R&D credit permanent for 4 years in a row. He has not endorsed the President's reforms of the alternative minimum tax and passive loss rules.

- Has abandoned his original plan for middle-class tax relief. Has since proposed an optional per child tax credit, but did not even score the idea in his June budget plan. Has not endorsed the President's Family Savings Accounts or homebuyers' credit.

Fundamental Differences on the Role of Government

BUSH

Reducing the Role of Government:

Believes the size of government needs to be cut.

- Supports privatization of transportation infrastructure where feasible.
- Supports a health care plan that maintains the quality and personal choice in our current private health system while ensuring access to affordable health coverage.
- Endorses expanded use of block grants to increase local authority.
- Imposed a moratorium on new regulations that is saving consumers \$20 billion a year. The moratorium has relieved paperwork burdens and created new capital-raising opportunities for small business.
- Wants to cut the size of government, and is reducing the federal payroll by 162,000 workers through attrition.

CLINTON

Bigger More Expensive Government:

Has proposed massive new spending programs which will increase the size of government.

- No position on the President's privatization initiatives.
- Proposed creation of a government health care commission, which, along with new health care bureaucracies would set prices and ration care.
- No position.
- New worker training, health care, and parental leave mandates will require new payroll taxes of up to 10%, and will consume 36 percent of 1991 business profits, hitting small businesses especially hard. New mandates would inevitably involve massive new government regulations and bureaucracies.
- Says he wants to cut government payroll by 100,000 employees, but has proposed massive new government spending programs and guaranteed government jobs that will inevitably lead to a huge increase in government employees.

Clinton has increased the Arkansas state government work force faster than Mario Cuomo's liberal New York state government. Since 1983, the administrative costs of Clinton's Department of Human Services alone have increased 3000 percent.