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National Association of Home Builders

1201 15th Street, N.W., Washington, D.C. 20005-2800
(202) 822-0401 Fax No: (202) 822-0374

Kent W. Colton, Ph.D.
Executive Vice President &
Chief Executive Officer

DATE 2/7/92

FAX TRANSMITTAL COVER SHEET

TO: Jeannie Benton

FAX #: 456-6218

SENDER: KENT W. COLTON, EXECUTIVE VICE PRESIDENT

SENDER'S PHONE NUMBER: (202) 822-0401

NUMBER OF PAGES TO FOLLOW COVER SHEET: 16

COMMENTS:

THE FAX NUMBER FOR THE NAHB EXECUTIVE OFFICE IS (202) 822-0374.

National Association of Home Builders

1201 15th Street, N.W., Washington, D.C. 20005-2800
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Kent W. Colton, Ph.D.
Executive Vice President &
Chief Executive Officer

February 7, 1992

M E M O R A N D U M

TO: Jeannie Benton

FROM: Kent W. Colton Kent

SUBJECT: Impacts of Tax Credit

Attached are the numbers we promised, as well as a backup paper on the methodology for the national estimates. (The regional estimates reflect the regions share of overall U.S. construction activity in 1989.) Also attached is a background memo on other housing related information for New England which Jay Buchert may be using when he is in New Hampshire.

Please let me know if you have any questions. And if you want to follow-up on the specific methodology, please feel free to call Dave Crow directly at 202-822-0383. Dave is the gentleman who did the estimates.

KWC/di

Enclosure

NAHB
2/7/92

IMPACTS OF TAX CREDIT

Additional:	in the US:	in New England:
Starts in 1992	215,000	9,000
in 1993	60,000	2,500
Jobs in 1992	415,000	16,900
in 1993	125,000	5,100
Federal Tax Revenue in 1992	$3.8 billion	$155 million
in 1993	$1.1 billion	$45 million
Housing Activity in 1992	$23 billion	$900 million
in 1993	$7 billion	$280 million

Activity in New Hampshire will likely be proportionate to the state's share of the New England benefit, or about 13% of the New England effects. That translates into about 1,000 starts, 2,300 jobs, $21 million in federal tax revenue, and $120 million in housing activity in 1992.

The methodology for the national estimates is attached. The regional estimates reflect the region's share of construction activity in 1989.

Stick w/ starts & jobs

NAHB
2/7/92

Impact of a First-Time Home Buyer's Tax Credit

The Bush proposal for a first-time home buyer's tax credit will stimulate the production of 215,000 additional housing starts in 1992 and another 60,000 additional starts in 1993. The new construction activity will increase employment by 415,000 in 1992 and by over 100,000 in 1993. An additional $23 billion in new housing investment will be added to the nation's economy in 1992 and $7 billion in 1993.

Highlights

The starts impact is the net result of a number of effects that the housing market will undergo if the credit is passed soon. NAHB estimates that 205,000 additional new home sales contracts will be signed by first-time home buyers during the 1992 qualifying period (February 1 to December 31). Another 563,000 existing home sales will be made to first-time home buyers induced to purchase because of the credit. Most of the existing home sellers will, in turn, purchase another home. An additional 190,000 new home sales will result from these move-up buyers for a total new home sales increase of 395,000.

Since the credit proposal allows the final home delivery to take place up to June 30, 1993, some of the first-time home buyer's new homes will be started in 1993 along with some of the second round purchases by move-up buyers who are not constrained by the deadlines. Hence, some added starts activity spills into 1993.

While the new home inventory is very low, NAHB also assumes that some of the added new home sales will come from existing inventory, some of which will be replaced in 1993 after the credit induced activity has diminished. Also affecting later activity, some of the credit-stimulated purchases are advanced purchases that would have occurred in 1993 and 1994. Hence, the NAHB forecast also includes some reduction in demand and starts in these two years to compensate for the timing change. The time shifting will smooth the housing production cycle and spread demands for materials, labor and land over a longer time period.

The stimulus flows through the housing market in four ways. The credit makes it possible for some households that otherwise could not afford to buy to make the down payment. Second, the credit acts like a temporary price discount, equivalent to 10 percent of the price up to $50,000 or less for higher home prices. Third, the one year window of opportunity will encourage households with intentions of buying next year to advance their purchase. Fourth, a second wave of home purchasing will occur as existing home sellers find buyers eligible for the credit and, in turn, buy another home.

Each effect and its relative contribution to the economic impact is described in the following sections. The total flow of starts, sales contracts and closing transactions is detailed in the attached table.

More Affordable

Down payments and up-front cash for closing costs are the largest hurdles to home ownership. A Census Bureau report[1] and the two most recent Joint Center for Housing Studies reports[2] demonstrate that between 80 and 90 percent of renter households cannot afford to purchase a home. Both conclude that the largest barrier is the down payment.

In addition to the published estimates in the Census Bureau report of the number of renters that can and cannot afford to buy a home, NAHB received unpublished estimates of the number of renter households, by income, that could and could not afford to purchase a home if they had an extra $5,000. In the published report, Census found that 3.4 million of the 37.7 million renter households in 1988 could afford to buy a home. Increasing their cash by $5,000 adds another 1.6 million renter households to the able-to-afford category. We have assumed that the first time home buyers can effectively employ the credit towards a down payment.[3]

The American Housing Survey reports between 1.5 and 1.7 million households become first-time home buyers in a year of which 1.2 million were renters before their purchase. As a percentage of those that are judged able to afford to buy, the "conversion" rate is about 25 percent, although it varies with income between 15 percent and 44 percent. Similar percentages can be calculated for the proportion of first-time home buyers that choose newly-built homes.

Renters make up 70 percent of the first-time home buyers. The other 30 percent are newly-formed households, either moving out of parents' homes or out of shared arrangements. Consequently, the pool of potential first-time home buyers is larger by 43 percent (30/70) than the Census figures alone would suggest. The proportion of first-time home buyers from each type of previous housing situation is used to estimate total potential demand.

The net result of applying propensities to buy newly-built homes to the number of additional households able to afford to buy results in an NAHB estimate of 118,000 additional first-time home buyers will purchase a newly-built home. Another 323,000 households will purchase existing homes because the credit solves the affordability hurdle.

The administration's proposal along with congressional proposals define first-time home buyers as those individuals that have not owned a home in the last three years. This analysis is based on a definition of households that have never owned. The AHS data does not delve into previous ownership beyond the tenure most recent to the present one for households that moved in the past year. The data does tell us that another 22 percent of recent home purchasers were not the owners of their last home. If some or all of the previously non-owners but not first-time home buyers also qualify for the credit, our estimates of additional sales are too low.

Price Discount

The second effect comes from inducing purchases by renters and newly-formed households who could already afford to buy but who otherwise would not choose to do so. The credit effectively reduces the price of a first purchase. Generally accepted academic research estimates the "price elasticity" of housing at around 1.0; that means, for every one percent fall in price, a one percent increase in home buying activity will result. The percentage change in price for each income group is calculated as the credit amount divided by the maximum home price affordable by that income.[4]

The estimated percentage increase in first-time home purchases is applied to the number of first-time home buyers in each eligible income bracket. Adding up over all eligible incomes yields an estimated sales impact of 23,000 additional purchases of newly-built homes from the reduced price stimulus of a $5,000 credit[5]. Another 86,000 existing home purchases by first-time home buyers will also be generated as a result of the price incentive.

Advancing Purchase Decisions

The third effect produces additional home purchases by encouraging future purchasers to advance their action. While some future purchases are already accounted for in the affordability effect and price effect estimates, there are other households that could afford to buy now, but simply would otherwise wait until later. If the credit is limited to one year, some households and potential households who were planning to purchase later will move up their decisions. We estimate 16 percent of a typical years first-time home buyers will shift from the following year to the year the credit is available[6].

These ratios are applied to the expected number of first-time home buyers in the next year. The result is another 64,000 additional newly-built home purchases stimulated as a result of buyers advancing their purchase plans and another 239,000 existing home purchasers.

The estimates of additional sales do not, of course, include the effect of the extra stimulus upon those who would have purchased a home during the year anyway. Those "free-riders" will receive the credit, and their tax relief adds to the overall tax cost but is not included in the stimulated sales since they would have purchased anyway. NAHB assumes a base of 1.47 million[7] first-time home buyers will receive the credit but would have purchased anyway, 321,000 buy newly-built homes and 1,146,000 buy existing homes.

The free-riders will likely spend more for their first home, add more amenities, or be able to spend more on some other housing related item like furniture or decoration because of the extra funds. About 1.47 million households would receive this windfall and could account for an additional \$4.4 billion[8] in additional expenditures.

Second Round Purchases

The sum of the three effects will increase existing home purchases by first-time home buyers by 560,000. Past experience suggests that about between a quarter and a third of the existing home sellers will purchase a newly-built home. Hence, another 190,000 newly-built homes will be purchased by existing home sellers.

More existing home sales will occur as each round of selling and buying oscillates through the economy. A countervailing decline in expected sales (and starts) will begin in late 1993 and 1994 when the purchases advanced from the future would have otherwise have occurred. NAHB estimates between one-third and one-half of the stimulated home buying is borrowed from 1993 and 1994.

Sales and Starts Timing

The total effect sums to 395,000 additional newly-built home sales. The net effect on housing starts depends on existing inventory, the ability of the industry to respond, and a dampened demand for new rental housing.

Although the present inventory of for-sale new homes is low, NAHB expects 50,000 of the new home sales in 1992 will come from inventory, driving the end-of-year inventory down to only 3 months supply. Another 245,000 sales will be started in 1992 to accommodate the new sales contracts and 100,000 will be started in 1993 to satisfy the new demand.

The increased demand for ownership will reduce demand for rental units. NAHB estimates a change in the base case of 30,000 fewer multifamily starts in 1993 and 20,000 fewer in 1993. The net starts results are an additional 215,000 starts in 1992. In addition to the multifamily offset in 1993, 20,000 fewer single family homes will be built because those purchases were advanced to capture the credit, leaving 1993 with a net gain of 60,000 starts.

Summary

The credit stimulus sums to 215,000 additional housing starts in 1992. The change is the net effect of newly-built home sales because they can now afford to buy (+118,000), because the extra cash incentive effective reduces the price (+23,000), because they advance plans to the year that the credit is available (+64,000), because existing home sellers trade-up to new homes (+190,000), because some sales are made out of inventory (-50,000), because fewer multifamily rental units will be needed (-30,000), and because some homes will be started in 1993 (-100,000).

The added starts will stimulate 415,000 added jobs in 1992. The new jobs, material purchases, company profits, and stimulated economic activity in the construction and related fields will generate $3.8 billion in added federal tax revenues. Net new housing activity in 1993 will generate 127,000 new jobs, and $1.1 billion in added federal tax revenues.

Housing construction activity will increase by nearly $30 billion over the two year period.

NAHB
2/7/92

End Notes

1."Who Can Afford to Buy a House", Current Housing Report, H121/91-1, May 1991.

2. "The State of the Nation's Housing 1990" and "The State of the Nation's Housing 1991", Joint Center for Housing Studies of Harvard, 1990 and 1991.

3. We assume that the financial market will develop a means of advancing the credit to households that need the money for a down payment. Numerous bank and finance company arrangements already exist for "borrowing" a tax refund before the Treasury sends the check. The optimum solution would be to allow, in the statute, that the credit be transferable, i.e. allow the buyer to assign the future credit to the seller.

4. Since this procedure would call for unrealistically low new home prices at low incomes, a $35,000 floor for the home price was used.

5. If potential appreciation and tax benefits were also included, the "cost" of owning the home would be considerable less than the "price" and the credit is therefore a higher percentage of the cost. A lower base price in the elasticity calculation would imply a larger percentage change for the same credit and commensurately larger impact on the decision to purchase. At the extreme, if the credit were considered as an increase in the available down payment only, the elasticity measure would be many times larger. We have conservatively used the house price as the base for calculating the percent change in price from the credit.

6. An estimate of a 16 percent shift implies that the first two months of the following year's purchasers will shift their plans forward to qualify for the credit.

7. Eleven months of an average 1.6 million first time home buyers per year.

8.1,470,000 times $5,000 times .6 (likely proportion of credit that will be spent, the rest will be saved).

2/19/92

NICK CALIO FACT SHEET

THE PRESIDENT'S PLAN TO CREATE JOBS

vs.

THE DEMOCRATS' PLAN TO RAISE TAXES

- The President's plan addresses the immediate challenges facing the economy: it will create jobs, increase the value of real estate and small business, and stimulate savings and investment. It's fully paid for with entitlement reforms.

- The President's plan includes middle class tax relief, in the form of a permanent increase of $500 per child in the personal exemption. That proposal was in the bills he sent Congress. Congress is free to pass the President's proposal for family tax relief today -- and the President would sign it today.

- The Democrats' plan includes a *permanent* tax increase to pay for a *temporary* tax cut of 25 cents a day for two years. If the Democrats want to make their tax cut permanent, they would have to increase income tax rates for the middle class -- for individuals with $35,000 per year or more in income and families with $70,000 or more.

- The Democrats plan abandons first-time homebuyers. It eliminates the President's proposal for a $5,000 tax credit for those trying to achieve the American dream of owning their own home for the first time.

- The Democrats' plan is not paid for. It would cause a sequester of $23 billion next year -- that would virtually wipe out crop payments to farmers, social services block grants, family support payments to states, veterans' housing loan programs, and a whole range of other programs in 1993.

- The AFL-CIO, business leaders, and professional economists all agree: the Democrats' tax bill will not create jobs. It won't help the economy; it will do more harm than good. Even Democratic front runner Paul Tsongas would veto the Democrats' plan if he were President.

TALKING POINTS

-- In the President's State of the Union address, he asked Congress to put politics aside and pass a comprehensive economic growth plan to be completed in two parts -- one short term, one long term. Within days, he sent the legislation to implement both parts of this comprehensive plan to Capitol Hill.

-- He also asked for quick bipartisan action by March 20th on the short term growth items in his plan that would quickly create jobs and stimulate the economy across the country. Since Democrats in Congress complained about having to deal with his comprehensive plan by that date, the President and his allies in Congress put those short term items in a smaller piece of legislation.

-- Unfortunately, the Democratic-controlled Ways and Means Committee decided that partisanship was better than cooperation. They rejected fair consideration of the President's plan. They drafted their plan behind closed doors.

-- Remember, the President's plan will immediately help create jobs and stimulate the economy. It will increase opportunities to work and earn money.

-- The Democrats' package raises taxes in a big way. Among the tax increases, they hike the tax rate 4% -- from 31 to 35% on incomes of $85,000 (single); $145,000 (joint); $125,000 (head of household). They also have a number of other significant tax increases in their package.

-- The question you have to ask is whether a Congress that has consistently shown that it wastes taxpayers' money should be allowed to take any more of any American's hard earned wages.

-- The Democrats' package is bad deal for the middle class. It brings them about 25 cents a day for two years. It requires cuts in Medicare, farm programs and veteran's benefits. And its huge tax increases are permanent.

-- The President's long-term plan provides middle class families a permanent $500 increase in the personal exemption for each child. It is part of a permanent long term plan designed to permanently help America's families.

-- The President's plan also makes buying your first house affordable to thousands and thousands of Americans. He gives a $5,000 tax credit to those first time homebuyers -- the Democrats give lip service.

-- In short, the Democrats' current plan will not create jobs or stimulate the economy. In the end, it simply feeds more money, taken from hard working Americans, for the Democratic controlled Congress to spend on pet projects.

-- If you want jobs, if you want a strong economy, you want the President's plan, not the Democrats tax increases. The Democrats talk about "fairness," they want taxes.

Business Day

The New York Times

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Continued on Page D2

Democrats' Tax Plan Under Attack

By ADAM CLYMER

Special to The New York Times

WASHINGTON, Feb. 17 — The Bush Administration attacked the House Democrats' tax bill today as a bad deal for the middle class that would bring them "25 cents a day for two years" in exchange for cuts in Medicare, farm subsidies and veterans' benefits and, eventually, tax increases.

In an interview, Richard G. Darman, director of the Office of Management and Budget, amplified the attacks President Bush has made in recent days on the Democratic measure, which is destined for a House vote next week.

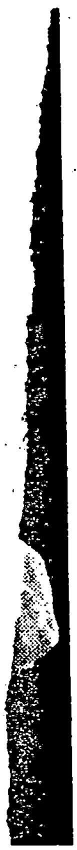
Democrats argue that a temporary two-year tax credit of up to $400 a year for families, paid for by permanent higher taxes on individuals with taxable incomes of $85,000 and up, would result in higher taxes for only the top 1 percent of all taxpayers.

But Mr. Darman contended there would inevitably be pressure to extend the tax cut beyond two years, even though it would have little value to recipients. Each member of a family of four would be getting only about 25 cents a day, he said.

'The Heart of the Middle Class'

While House Democrats have maintained they want only a two-year bill as a way to help stimulate the economy. The Senate majority leader, George J. Mitchell of Maine, said Sunday on the NBC television program "John McLaughlin's One on One" that he felt any tax credit given to the middle class should be permanent.

After two years, Mr. Darman predicted, the Democrats would extend the reach of the 35 percent maximum tax rate proposed for individuals with $85,000 of taxable income and couples at $145,000. "It will take them another nanosecond," he said, to reduce the



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THE NEW YORK TIMES, TUESDAY, FEBRUARY 18, 1992

Democrats' Tax Plan Comes Under Attack

Continued From First Business Page

$85,000 minimum "right toward the heart of the middle class."

Mr. Darman said the Democratic measure would necessitate cuts in other domestic programs because it would break the 1990 budget agreement by failing to raise as much money as it paid out in each of the first two years. Democrats do not disagree, but they say that the plan is acceptable because it would balance out over six years.

Besides, the Democrats say, without accounting tricks the Bush Administration's proposals for a large capital gains cut and accelerated depreciation for business investments would also create an imbalance.

The dispute is another example of the opening long-range fire that attends the tax and growth debate in its early Congressional stages, where each side is looking at least as much for winning political arguments as for legislative solutions.

No one, in fact, expects the House Democrat's measure to become law as now written, even if it passes in the House, which is not a certainty. Some degree of compromise with the Bush Administration, and with the Senate, await the measure if any of its provisions are to end up in the tax code. The Senate Finance Committee is scheduled to begin writing its version of the measure on Feb. 25.

But ultimately, the budget director has the last word in the accounting judgments of whether the terms of the 1990 budget act are met, and Mr. Darman said the Democratic bill "would trigger a very large sequester — 27 to 30 billion."

A sequester requires offsetting spending cuts. The cuts "would have to come from entitlement programs, excluding Social Security," he said. "They would come principally from Medicare, from farm payments, from veterans, from student loans."

Mr. Darman also criticized the one percentage point corporate tax cut in the Democratic proposal, saying he doubted that one economist in a hundred would consider that an effective way "to stimulate jobs and growth."

Most economists, he said, would prefer either a tax credit for business investment, or the type of accelerated depreciation for new business investment that the Administration has proposed.

Democrats have argued that investment credits cut unevenly between industries and companies within industries, and distort rational economic thinking. Cutting the maximum corporate rate from 34 to 33 percent and the corporate alternate minimum tax from 20 to 19 percent, they maintain, gives all businesses some benefit.

Mr. Darman argued that the Administration's investment proposal and another proposed measure that the Democrats have rejected, a $5,000 tax credit for first-time home buyers, would "accelerate purchases" and stimulate the economy.

Dispute on Capital Gains

He also criticized the Democrats' proposal for taxes on capital gains, which would index such gains for inflation. He said the approach was

Darman amplifies the Bush criticism of the House panel's tax bill.

not as likely to stimulate investment in high-growth industries as the Administration's proposal to make 40 percent of any capital gain exempt from taxation.

Mr. Darman said, moreover, that by accepting a capital gains cut that was anything more than trivial in scope, the Democrats "are abandoning their so-called issue of principle."

"They have decided, in their terms, to favor the rich," he said.

Democrats argue that their plan has a targeted, even more generous approach intended to encourage investment in small business. Indexing for inflation is only fair, sound tax policy, they say, to make sure that people are not taxed simply because of inflation that does not represent income. Mr. Darman acknowledged that indexing was "desirable."

Still, he ridiculed the bill as a whole: "The middle class gets a chance to get 25 cents a day for two years in exchange for Medicare cuts, student loan cuts, farm payment cuts, fewer jobs and eventually higher taxes. This is not a good deal."

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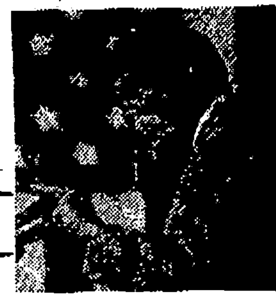
High	Low	Close	Chg.
$34	34	34	+ ⅛
$7	6⅞	6⅞	+ ⅛
$8¼	8¼	8¼	− ¼
$19⅞	19⅛	19⅞	+ ¼
$22⅞	22⅞	22⅞	− ¼
$8½	8¼	8¼	− ¼
$9¼	9¼	9¼	
$5¾	5⅝	5¾	
$18⅞	18½	18⅞	+ ⅛
$5⅞	5⅛	5¼	
$5	495	5	
$24⅛	24⅛	24⅛	+ ⅛
$10½	10⅜	10⅜	− ⅛

MONTREAL
(In Canadian Dollars and Cents)

Sales	Stock	High	Low	Close	Chg.
123061	Bank Mont	$42⅞	42¼	42⅜	− ½
2600	BombrdrA	$16⅞	16	16⅞	+ ½
97378	BombrdrB	$16½	16	16½	+ ½
1165	Cambior	$08¾	08⅝	08⅝	
36765	Cascades	$07½	07	07	− ⅜
1882	DomTxlA	$08⅝	08⅜	08½	− ¼
517	Donohue	$13⅝	13½	13½	− ½
340424	IAF Bio	$32⅛	28¼	20½	− 1¾
62290	NatBk Cda	$11⅞	11¾	11¾	
5406	Power Corp	$14⅞	14⅝	14¾	+ ⅛
[illegible]	Provigo	[illegible]	[illegible]	08⅞	

LEG. AFFAIRS

Bob Dole



NEWS U.S. SENATOR FOR KANSAS

FROM: SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
FEBRUARY 18, 1992

CONTACT: WALT RIKER
(202) 224-5358

DEMOCRAT DISARRAY

DEADLINE APPROACHES FOR ECONOMIC GROWTH PACKAGE; DEMOCRATS OUT OF STEP WITH THEIR FRONT RUNNER TSONGAS

THREE WEEKS AGO, PRESIDENT BUSH CHALLENGED CONGRESS -- REPUBLICANS AND DEMOCRATS -- TO ENACT HIS ECONOMIC GROWTH PLAN, A PACKAGE OF TAX INCENTIVES DESIGNED TO HELP STIMULATE THE ECONOMY, AND TO GET AMERICA MOVING AGAIN.

IN HIS STATE OF THE UNION ADDRESS, THE PRESIDENT CALLED ON CONGRESS TO WORK WITH HIM, IN A SPIRIT OF BIPARTISANSHIP, TO DELIVER FOR THE GOOD OF THE COUNTRY. HE ASKED CONGRESS TO PUT PARTISANSHIP ASIDE, EVEN IN AN ELECTION YEAR. THEN HE CHALLENGED CONGRESS TO DO SOME THINGS IT'S NOT USED TO DOING: ACTING QUICKLY, AND MEETING A DEADLINE -- A DEADLINE THAT IS NOW ONLY 31 DAYS AWAY.

EMBARRASS THE PRESIDENT

WELL, THE AMERICAN PEOPLE HEARD THE PRESIDENT LOUD AND CLEAR, AND THEY HAVE BEEN WAITING FOR CONGRESS TO GET THE JOB DONE. IF CONGRESS DIDN'T DO ITS WORK, THE PRESIDENT SAID -- QUOTE -- "FROM THE DAY AFTER THAT, IF IT MUST BE, THE BATTLE IS JOINED".

UNFORTUNATELY, WE HAVE ALREADY WITNESSED THE FIRST VIOLATIONS OF THE PRESIDENT'S CEASEFIRE BY DEMOCRATS WHO APPARENTLY HAVE NO OTHER STRATEGY THAN TO EMBARRASS THE PRESIDENT AT ANY COST. NO MATTER WHAT THEY TELL YOU, IT'S CLEAR NOW THAT SOME DEMOCRATS HAVE ABSOLUTELY NO INTENTION OF COOPERATING WITH THE PRESIDENT, NOR ANY INTEREST IN WORKING OUT A BIPARTISAN PLAN TO HELP THE AMERICAN PEOPLE: NO INTEREST IN SAVING JOBS IF THEY HAVE TO SHARE CREDIT WITH THE PRESIDENT; NO INTEREST IN HELPING BUSINESSES UP AND DOWN MAIN STREET IF IT MEANS ADMITTING THE PRESIDENT MIGHT BE RIGHT; AND NO INTEREST IN PUMPING UP THE ECONOMY IF IT MEANS VOTING WITH THE PRESIDENT FOR A CHANGE.

DEMOCRAT DISARRAY -- THE TSONGAS FACTOR

THE TRUTH IS, WHEN PRESIDENT BUSH OUTLINED HIS PLAN FOR AMERICA, HIS CRITICS WERE CAUGHT WITH THEIR PLANS DOWN.

AND DESPITE ALL THE RECENT SCRAMBLING BY DEMOCRATS -- MOST OF IT BEHIND CLOSED DOORS, BACKED BY A HEALTHY DOSE OF LEAKS -- THERE IS STILL NO CONSENSUS ON THEIR SIDE ON JUST ABOUT ANYTHING ...EXCEPT, OF COURSE, TO EMBARRASS THE PRESIDENT AT ANY COST.

THE TRUTH IS, DEMOCRATS ARE IN DISARRAY, FROM NEW HAMPSHIRE TO CAPITOL HILL. CONGRESSIONAL DEMOCRATS ARE NOW CLEARLY OUT OF STEP WITH THEIR NEW PRESIDENTIAL FRONT-RUNNER, PAUL TSONGAS. IN FACT, HE HAS LEFT THEM IN THE DUST WHEN IT COMES TO THE ECONOMY. PAUL TSONGAS IS CALLING ON HIS FELLOW LIBERALS TO WAKE UP -- TO ABANDON THEIR CYNICAL CLASS WARFARE STRATEGY, AND TO GIVE UP THEIR TRADITIONAL ANTI-BUSINESS, ANTI-CONSUMER, AND ANTI-GROWTH AGENDA. THAT COMMONSENSE ECONOMIC MESSAGE MAY BE PICKING UP STEAM

ON THE CAMPAIGN TRAIL, BUT IT IS FALLING ON DEAF EARS INSIDE THE DEMOCRATS' CLOSED-DOOR INNER SANCTUM.

NEW NATIONWIDE POLL: DEFICIT #1, NOT TAX CUTS

BUT IF SOME DEMOCRATS DON'T WANT TO SUPPORT THEIR NEW PRESIDENTIAL FRONT-RUNNER, PERHAPS THEY SHOULD TAKE SOME DIRECTION FROM THE AMERICAN PEOPLE FOR A CHANGE. IN A NEW NATIONWIDE POLL BY THE LOS ANGELES TIMES, AMERICANS SAY THEY ARE MORE CONCERNED ABOUT THE SOARING FEDERAL DEFICIT, UNEMPLOYMENT AND JOBS THAN THEY ARE ABOUT SOME TAX BREAK COOKED UP IN AN ELECTION YEAR. THE HEADLINE OVER THE TIMES POLL SAYS IT ALL: "TAX REDUCTIONS ARE NOT AMERICANS' TOP PRIORITY".

WHEN ASKED BY THE L.A. TIMES POLL WHICH ISSUES WERE MOST IMPORTANT IN THIS YEAR'S PRESIDENTIAL RACE, 33% SAID THE ECONOMY GENERALLY, 28% MENTIONED UNEMPLOYMENT, 21% CITED HEALTH CARE, AND ONLY 6% MENTIONED TAXES. JOHN BRENNAN, DIRECTOR OF THE TIMES POLL, WAS ON TARGET WHEN HE SUMMED UP THE POLL THIS WAY: "IF BUSH

(MORE)

AND CONGRESS ARE INTERESTED IN INCREASING CONSUMER CONFIDENCE, THEY'RE GOING TO HAVE TO DO SOMETHING ABOUT FEARS OF UNEMPLOYMENT, THE PERCEPTION THAT UNEMPLOYMENT IS RAMPANT AND THAT PEOPLE'S JOBS ARE AT STAKE. THIS SEEMS TO BE MUCH MORE IMPORTANT THAN SOME KIND OF TAX RELIEF."

NEVERTHELESS, SOME DEMOCRATS WILL INSIST ON EMBARRASSING THE PRESIDENT, AND INSIST ON PUSHING ELECTION-YEAR TAX CUTS THAT WILL ADD ABOUT 55 CENTS TO A DOLLAR-TEN A DAY TO THE AVERAGE AMERICAN FAMILY. NOW, HELPING AMERICANS IS A GREAT IDEA, BUT GIVING THEM A FEW QUARTERS A DAY WHILE YOU'RE FORCING THE FEDERAL DEFICIT THROUGH THE ROOF, KEEPING THEM ON THE UNEMPLOYMENT LINES AND DOING ABSOLUTELY NOTHING TO CREATE NEW JOBS JUST DOESN'T ADD UP TO MOST FOLKS.

<u>SOAK-THE-RICH PHONIES</u>

BUT WE CAN SEE WHAT'S COMING: SOME DEMOCRATS RUNNING TO THE MEDIA, WHINING ABOUT HOW REPUBLICANS ARE "PROTECTING THE RICH", HOW THE PRESIDENT OF THE UNITED STATE JUST DOESN'T CARE ABOUT DOMESTIC ISSUES, AND THAT DEMOCRATS ARE THE 'GOOD GUYS', READY TO SOAK THE RICH, SOCK IT TO BUSINESS, SAVE THE MIDDLE-CLASS AND ALL OF THE OTHER HYPE WE'VE BEEN HEARING FROM THE POLITICS-FIRST CROWD.

WHILE WE WELCOME OUR DEMOCRAT FRIENDS' NEWFOUND CONCERN FOR THE MIDDLE-CLASS, IT'S THE SAME PAINFUL POLITICAL STRATEGY WE SAW WITH THE PASSAGE OF THE SO-CALLED LUXURY TAX -- SO-CALLED BECAUSE IT WAS SUPPOSED TO "SOAK THE RICH" WHEN THEY BUY THEIR YACHTS AND CARS AND AIRPLANES. BUT THEN REALITY HIT, AND THE LUXURY TAX TURNED INTO A "WORKERS TAX": WHEN THE RICH STOPPED BUYING THE YACHTS, THE CARS AND THE PLANES, ASSEMBLY LINES CLOSED, AND GUESS WHAT, IT WAS THE MIDDLE-CLASS WORKER HEADING TO THE UNEMPLOYMENT LINE. THIS IS EXACTLY THE KIND OF POLITICS-FIRST AGENDA AMERICA DOESN'T NEED.

BUT HERE WE GO AGAIN: SOME DEMOCRATS ARE NOW PROMOTING ANOTHER 'SOUNDS GOOD' IDEA THAT DELIVERS MUCH LESS THAN PROMISED. THIS TIME, IT'S A REDUCTION OF ONE-PERCENT IN THE TAX RATE CORPORATIONS PAY. YES, IT SOUNDS GOOD, BUT WHAT DOES IT REALLY DO?

WELL, IT DOES NOTHING TO PROMOTE GROWTH, AND NOTHING TO CREATE JOBS. IT IS AN UNTARGETED GIVEAWAY THAT BRINGS NOTHING IN RETURN. IT'S A BONUS FOR BUSINESSES MAKING A PROFIT -- MANY OF THEM BIG BUSINESSES -- BUT IT DOES ABSOLUTELY NOTHING TO GIVE A BREAK TO ALL THE BUSINESSES WHO ARE STRUGGLING, WHO ARE LOOKING FOR AN INCENTIVE TO INVEST, TO PURCHASE NEW EQUIPMENT AND TO CREATE JOBS. THESE STRUGGLING BUSINESSES ARE LOOKING FOR SOME REAL HELP FROM WASHINGTON, NOT AN ELECTION-YEAR PUBLIC RELATIONS CAMPAIGN.

<u>PRESIDENT'S PLAN WILL HELP ALL AMERICANS</u>

THE GOOD NEWS IS, THE AMERICAN PEOPLE ARE WAY AHEAD OF CONGRESS ON THESE ISSUES, WHICH IS WHY I'M CONFIDENT THEY WILL SEE THROUGH ALL OF THESE GAMES AND GIMMICKS.

AND THAT'S WHERE PRESIDENT BUSH IS HEAD AND SHOULDERS ABOVE THE CROWD. HE'S OUTLINED AN ANTI-RECESSIONARY BLUEPRINT FOR ECONOMIC GROWTH, JOB CREATION AND BUSINESS OPPORTUNITY. AND IF WE MEET HIS CHALLENGE, THAT PROGRAM WILL BE IN PLACE BEFORE THE END OF NEXT MONTH, IN TIME TO HELP <u>ALL</u> AMERICANS.

BUT LET'S FACE IT, THE ONLY JOBS PROGRAM SOME DEMOCRATS SEEM TO BE PUSHING IS A JOBS PROTECTION PROGRAM FOR CONGRESSIONAL INCUMBENTS -- IT'S POLITICS <u>FIRST</u>, POLITICS <u>SECOND</u>, AND AMERICA <u>LAST</u>.

NO WONDER THE AMERICAN PEOPLE ARE FED-UP WITH CONGRESS.

<u>31 DAYS TO MAKE A DIFFERENCE</u>

SO, IT IS NOW 31 DAYS AND COUNTING, 31 MORE DAYS TO MAKE A

SO, IT IS NOW 31 DAYS AND COUNTING. 31 MORE DAYS TO MAKE A DIFFERENCE FOR AMERICA. THE CHOICE IS PRETTY CLEAR: CONGRESS CAN BE PART OF THE SOLUTION, OR PART OF THE PROBLEM.

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PRESIDENT BUSH'S PLAN TO STIMULATE ECONOMIC RECOVERY, PROMOTE LONG-TERM GROWTH, AND EXPAND OPPORTUNITY

America's economy faces two challenges: we must spur economic recovery and we must invest in long-term growth and global competitiveness. Spurring the recovery requires short-term solutions with long-range impact. And ensuring long-term growth demands long-term thinking, planning and investing in our future.

The President's comprehensive growth agenda includes:

Job-creating growth incentives for now and the future

Reduction of barriers to long-term saving and investment

Incentives to expand opportunity for American employees, entrepreneurs and families

Fiscal restraint that sticks to pay-as-you-go budgeting

Help for home-buyers to spark recovery and ensure long-term financial security for families

Forward-looking policies to promote global competitiveness

The President's short-term initiatives, which he has called on the Congress to enact by March 20, will provide a much-needed stimulus to the economy, while establishing a foundation for long-term growth.

These short-term initiatives are proposals which, if enacted, will put Americans back to work and ensure productive employment in the years ahead. They are:

Capital Gains Tax Rate Reduction
Investment Tax Allowance
Alternative Minimum Tax Depreciation Simplification and Enhancement
$5,000 First Time Homebuyer Tax Credit
Passive Loss Relief for Active Real Estate Developers
Penalty-Free IRA Withdrawal for First Time Homebuyers
Pension Fund Investment in Real Estate Enhancement

The President's short-term initiatives are fully paid for without raising taxes on Americans. Instead, they are paid for through spending reforms:

Pension Benefit Guarantee Program & Accounting Reforms
Extension of Statute of Limitations on Collection of Defaulted Guaranteed Student Loans
Extension of Current Rules Prohibiting Lump Sum Retirement Option for Federal Workers

CUT CAPITAL GAINS TAX RATE

Cutting the capital gains tax rate will raise American living standards by unleashing job-creating investment, boosting productivity, and raising the value of assets of American families.

The President proposes excluding 45 percent of the capital gain on an asset held three or more years; 30 percent of the gain on an asset held between two and three years and 15 percent of the gain on an asset held at least one year.

A 45 percent exclusion would effectively cut the capital gains tax note to 15.4 percent for taxpayers now subject to a 28 percent capital gains rate and 8.25 percent for taxpayers now subject to a 15 percent tax rate.

Capital gains attributable to one-time sales of assets such as family farms, family businesses, and personal residences will not be subject to the Alternative Minimum Tax.

This proposal will:

- <u>Help Small Business:</u> According to NFIB, the top priority of the small business community is attracting start-up capital. Firms with 20 or fewer employees generate over two-thirds of all net new private sector jobs.

- <u>Improve our International Competitiveness:</u> Many of our major trading partners (Germany, South Korea, Hong Kong, Italy, etc.) do not tax capital gains at all. Even in Japan, an investor in a successful firm pays an effective rate of only 1 to 2 percent.

- <u>Help Senior Citizens:</u> More than 40 percent of taxpayers over the age of 60 pay capital gains taxes. Senior citizens receive 70 percent of their income from investments.

- <u>Help Middle-Income Families:</u> People who earn less than $50,000 of non-capital gains income per year realize about 40 percent of the capital gains each year.

- <u>Help America's Farmers:</u> Cutting the capital gains tax would help farmers and foresters become more productive.

- <u>Reduce the Bias Toward Debt Financing:</u> High capital gains taxes exacerbate the double taxation of investment in corporate stock, making stocks less attractive to investors. Rather than issue shares, many firms find it cheaper to go into debt to finance expansion or buy new machinery.

- Raise Stock Market Values: Almost all Americans benefit directly when the stock market rises. Pension funds that own stock cover about half of all America's families. In addition, over 50 million Americans own shares.

- Spur High-Tech Companies: Most investors in young high-tech firms are not millionaires. For instance, in 1985 one-third had family incomes under $60,000, and almost two-thirds had family incomes under $100,000. Since capital gains rates rose in 1987, total venture capital spending has plummeted by about 60 percent.

- Unlock Old Investments: A capital gains tax is a tax on transactions. High rates lead potential sellers to hang onto their assets and buyers to stay on the sidelines. A lower rate will increase sales in all asset markets.

INVESTMENT TAX ALLOWANCE

Provides business with an enhanced first year depreciation equal to 15 percent of the purchase price of newly acquired equipment.

The additional depreciation will be allowed for both regular and Alternative Minimum Tax purposes.

Provides investment incentives by increasing cash flow (by $10 billion in calendar 1992) and by lowering the cost of capital for businesses investing in new equipment.

Will provide a short-term boost to recovery, while at the same time raising long-run productivity.

To create jobs, businesses need to make investments in productive equipment, such as computer-aided design equipment, advanced machine tools, and telecommunications equipment.

The ITA benefits all taxpaying businesses, including firms that pay taxes under the alternative minimum tax.

The ITA does not "target" certain forms of equipment and pick winners -- instead it creates a level playing field for investments.

The ITA, along with the reduction in capital gains tax rates and the changes in the alternative minimum tax, will reduce the cost of capital faced by American companies, thereby making them more competitive.

SIMPLIFY AND ENHANCE ALTERNATIVE MINIMUM TAX (AMT) DEPRECIATION

Firms that pay taxes under the AMT currently receive less tax benefit from depreciation than other firms.

The proposal would repeal the "adjusted current earnings" (ACE) depreciation adjustment for firms placing new equipment in service.

The current "ACE" depreciation adjustment penalizes capital-intensive companies, such as airlines, chemicals, paper, motor vehicles and steel when they buy equipment to modernize, expand capacity or meet the challenge of international competition.

Capital-intensive industries need reasonable cost recovery policies to stimulate purchases of new equipment and machinery, which generate jobs and long-term economic growth.

This change will reduce the cost of capital for investing in productive machinery and equipment.

The proposal also reduces the cost of congressionally mandated pollution control equipment and investments.

The proposal simplifies the AMT by requiring only one computation of depreciation for AMT purposes.

$5,000 FIRST-TIME HOMEBUYER TAX CREDIT AND PENALTY-FREE IRA WITHDRAWAL FOR FIRST HOME

First-time homebuyers will receive an income tax credit of 10 percent of the purchase price of a new or existing home, up to $5,000 spread evenly over tax years 1992 and 1993.

Homes must be purchased between February 1, 1992 and January 1, 1993. A first-time homebuyer includes any individual not owning a home during the previous three years.

First-time homebuyers may also make a $10,000 penalty free withdrawal from their IRA.

These proposals will allow more Americans to own their own home and will boost home equity values. 43.7 percent of all Americans' net worth is in their homes.

Home construction stimulates jobs -- for builders, carpenters, plumbers, landscapers, architects. The National Association of Homebuilders estimates that a first-time homebuyer credit of this sort could create over 700,000 jobs, approximately 400,000 added housing starts and over a million additional purchases.

Home sales spur economic activity through consumer purchases of washers, dryers, refrigerators and all the services related to buying and moving.

PASSIVE LOSS RULES FOR ACTIVE REAL ESTATE DEVELOPERS

Passive loss rules would be amended so that a person's active real estate development operations are treated the same as other businesses', that is, gains and losses can be netted for tax purposes.

The 1986 Tax Reform Act intended to close a tax loophole whereby real estate syndicators were forming limited partnerships of money-losing rental properties. These properties were syndicated to non-real estate investors, so-called "passive" investors, for the tax write-off.

However, the reform, as enacted, denied reasonable netting of gains and losses for income tax purposes by full time professional, or "active" developers of real properties.

With the increase in the tax rate on capital gains, also contained in the 1986 Act, returns on investment on all kinds were lowered, but especially for real estate. Lower net returns meant that values of apartments, shopping centers and office buildings fell.

This proposal, along with the proposal to reduce the capital gains tax rate, will help stabilize real estate prices.

Because this measure is limited to "active" developers, it will not lead to tax loopholes or encourage non-economic construction of unneeded offices or apartments.

Instead, this proposal will conform the passive loss rules for active real estate investors to the way other businesses operate under the tax rules.

This proposal should help expedite sales of properties from the RTC and the FDIC, saving the taxpayer money and reducing pressure on insurance funds.

Banks, savings and loans, and insurance companies will benefit through higher values for the properties they own. Further, higher asset values and enhanced sales of assets will boost capital levels of financial institutions.

Higher capital levels will facilitate greater lending and will help banker and borrower confidence in fighting the "credit crunch."

PENSION FUND INVESTMENT IN REAL ESTATE ENHANCEMENT

The proposal modifies tax rules governing the extent to which tax-exempt organizations, such as pension funds, are subject to the Unrelated Business Income Tax.

The proposal removes impediments to more efficient investing by pension funds in commercial properties.

These changes lower transaction costs associated with structuring an investment in the acquisition of an office building, hotel complex, or other long-term investments.

These changes will enhance liquidity in the financial system by facilitating more purchases of properties held by the RTC, banks and insurance companies.

Greater participation in real estate markets by highly liquid, long-term investors like pension funds will improve sales prospects and ultimately property values.

PENSION BENEFIT GUARANTY CORPORATION REFORMS

The Pension Benefit Guaranty Corporation (PBGC), which insures the pensions of millions of American workers, is increasingly insolvent and as a result may ultimately be unable to honor its obligations. Reforms are urgently needed to return the PBGC to solvency.

The proposal contains three important reforms to help the PBGC regain a sound financial footing: 1) tougher minimum funding requirements for companies with underfunded plans; 2) limits on the PBGC's exposure for benefit increases made by companies with underfunded plans; and 3) clarification of the PBGC's preferred creditor status in bankruptcy.

The proposal also adopts accrual accounting for the PBGC, which is widely acknowledged to be preferable to the current "cash" method of accounting.

Under accrual accounting, the budget would reflect the true economic cost of the government's obligations. Not only does accrual accounting better reflect reality -- it would also permit the savings from PBGC reforms to be scored for budget purposes, even though the cash savings from these proposals will come mainly in the out years.

Eliminate the Statute of Limitations on Student Loan Collection

- Under current law, until November 1992, there is no limit on the time the Department of Education can pursue collections on defaulted student loans. This proposal will permanently eliminate any State or Federal statutes of limitation for federally guaranteed student loan collection.

- Over time, a student borrowers' ability to repay loans increases as he/she enters the job market and advances to higher paying positions. Statutes of limitations on debt collection allow deadbeat borrowers to escape loan repayment when they are most able to pay.

Eliminate the CSRS Lump-Sum Option Beginning in 1996

- The Omnibus Budget Reconciliation Act of 1990 (OBRA '90) eliminated the lump sum option for most employees through 1995 (exceptions for the critically ill, involuntarily separated, and those serving in Desert Shield/Storm). This proposal makes that change permanent. The total value of the annuity is not affected; the large lump sum payment is replaced with an unreduced annuity for life.

- This initiative continues existing policy, thereby avoiding inequity for those planning to retire in the near term. This proposal will prevent employees from delaying planned retirements on the off chance Congress will revive the lump sum option.

DEMOCRAT PROPOSAL RAISES TAXES, WILL LOSE JOBS AND WILL SLOW ECONOMY

Billions in New Taxes

Democrats have proposed $90 billion in permanent tax increases, while providing a temporary tax cut averaging less than $1 a day for middle-income Americans.

No New Jobs

Democrats have little or no incentives to increase savings, promote investment or create productive new jobs.

Democrats have abandoned the Bush proposal for an investment tax allowance to provide an immediate incentive for business to invest in new equipment, and create productive new jobs.

Instead, Democrats provide a one-percent decrease in the corporate tax rate, which is likely to be unsustainable given Democrat propensities to tax and spend.

$90 billion in permanent tax increases will slow economic growth and cost Americans jobs.

No Help for Homebuyers

Democrats have abandoned the Bush proposal to provide first-time homebuyers with a $5,000 tax credit toward the purchase of a home ($2500 per year versus $400 per year for a married couple making $30,000).

No Help For Real Estate, Small Business, Farmers

Democrats rejected the first-time homebuyer credit, expected to stimulate sales of existing homes and new construction, creating jobs in all industries related to homeownership.

Democrats capital gains proposal discriminates between different assets; would provide no help to real estate values; would do nothing to unlock capital to invest in new, productive ventures.

Because their capital gains proposal is prospective, current owners of farms, small businesses, commercial property and homes would never receive any benefit.

Democrats' proposals would hurt small business by lengthening the depreciation period on commercial property from 31.5 to 40 years. Development of rental properties would be discouraged as owners of residential rental property would see an increase in the depreciation period from 27.5 to 31 years. This provision would hurt new real estate construction.

Democrats would partially redress inequities created by the Tax Reform Act for real estate developers ("passive loss" provisions) but would provide no relief for future real estate development, thus perpetuating discriminatory treatment. This proposal will do little to boost sagging real estate values.

DEMOCRATS VISION OF THE FUTURE: WELFARE STATE REDISTRIBUTION IN A SHRINKING ECONOMY

Centerpiece of Democratic proposal is a two-year, refundable tax credit of the employee's share of social security taxes up to $200 for an individual or $400 for a married couple. While this credit is temporary, the tax increase to pay for it is permanent.

Democrats create a fourth income tax rate of 35% for individuals with taxable income of $85,000 and married couples with taxable income of $145,000.

These income levels would exclude the average Member of Congress.

This temporary rate cut averaging less than $1 a day, would lose over $30 billion in the next three years. Under current budget laws this will require billions of dollars of cuts including cuts in Medicare, farm payments, student loans and veterans and FHA loans.

If Congress chose to make this cut permanent and paid for in each year the new 35% rate would have to start at taxable income levels beginning at $35,000 for individuals and $70,000 for married couples.

These new starting points are $14,250 lower than the starting points for the current 31 percent top bracket ($51,900 single and $86,500 joint). Taxpayers currently in the 28 percent tax bracket would see their top rate increase 7 percentage points to 35%.

BUSH FAMILY TAX ALLOWANCE VERSUS DEMOCRATS DOLLAR A DAY TAX CUT

President Bush proposes to permanently restore the value of the personal exemption by increasing the amount allowed for children by $500 per child per year.

Bush proposal is permanent. Democrats is temporary. Over the next five years, President Bush's proposal would provide over 50% more dollars per child than the Democrats proposal ($500 versus $300).

Bush proposal financed by reforms in entitlement programs, cuts in wasteful government spending and/or reductions in defense spending; Democrats financed by permanent tax increases and cuts in Medicare and farm programs in 1992-1993.

THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release At 9:00 A.M. EST

February 22, 1992

REMARKS BY THE PRESIDENT
IN RADIO ADDRESS TO THE NATION

THE PRESIDENT: Today, I want to talk to you about getting our economy moving. I know there's a lot of debate about how to create jobs and build economic strength -- but in the end, it all boils down to common sense.

To strengthen an economy, you encourage investment. You support industries that pull nations out of recessions. You encourage success.

In my State of the Union address, I proposed a short-term economic plan that does these things. I challenged Congress to set aside partisan politics for just a few weeks and pass my plan by March 20.

Unfortunately, Democratic leaders refused to submit my plan for a quick, clean vote. They chose politics over duty. They huddled behind closed doors and played games with the tax code. They put out one plan one day, another plan the next. Finally, they settled on a scheme that makes no economic sense.

Their proposal won't help homebuyers. Their proposal will increase the deficit. It borrows $30 billion to pay for a tiny temporary tax cut. For each person in the average family of four, it hands out about a quarter a day -- but only for two years. This turns out to be a very costly quarter. After the temporary cut expires, Americans would shoulder the burden of a huge permanent tax increase. In other words, these congressional leaders want to give you two years of pocket change in exchange for a lifetime of higher taxes. And that is a very bad deal -- for us and for our children, who must pay the bill.

And now my plan. My plan will create jobs. The real estate incentives alone will generate 415,000 new jobs this year. My plan offers the hope of home ownership to first-time homebuyers. Some people have begun buying homes already, expecting Congress to pass a plan that encourages real estate investment -- my plan. Congress shouldn't let those people down.

My plan will not increase the deficit. It makes some tough choices on federal spending -- because I refuse to mortgage our children's future for short-term political gain.

My plan will not raise tax rates. I want to raise the child deduction on federal income taxes by $500, and I want Congress to pass this permanent, long-term, profamily tax cut this year.

Put the plans side by side, and here's the bottom line: My plan works; their's doesn't.

So today, join me in telling Congress: Stop fooling around with our future. Tell them to pass my plan now. If politicians hem and haw and offer up excuses, remind them your job is more important than any politician's job.

Our recovery will get a huge boost the moment Congress passes my plan. But I need your help.

Thank you. And may God bless you and the United States America.

END

Snow/Grossman
Radio4
Draft Four
February 21, 1992

PRESIDENTIAL REMARKS: RADIO ADDRESS TO THE NATION
RADIO STUDIO
FEBRUARY 21, 1992
TIME

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Nick Calio Fact Sheet

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Nick Calio Fact Sheet

Their proposal won't help homebuyers.

Barry Anderson OMB

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Nick Calio Fact Sheet

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Dave Crow NAHB ~~Report~~ 822-0383

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Nick Calio Fact Sheet NAHB

Justine Rodriguez X3423 OMB

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Phil Dane OMB x6953

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Ken Rider X4516 Housing

Justine Rodriguez X3423

CEA David Bradford 4666

500,000 jobs John for 2pt. proposal Kitchen, CEA

Phil Dane Budget Anal., OMB X6953

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