



Message of the Week

October 16-22, 2002

Presented by Rep. Mike Pence (R-IN)

“The increased spending proposed by Democrats would hurt the economy and reduce jobs.”

- The Democrat Leadership has proposed \$125 billion in new spending to supposedly stimulate the economy.
- Despite the Democrat spin, their proposal would actually not pump any money into the economy and would actually *reduce* the number of permanent new jobs that would be created absent their proposal.
- When the government increases spending, it leaves far less that can be spent by American families and businesses to stimulate the economy.
- Because the federal government is running a deficit, implementing the Democrat spending plan would require the government to **borrow from the public** an additional \$125 billion so that the government could spend that money.
- No new money would be put into the economy because of the Democrat plan.
- Some of the money that the government would take out of private hands (through Treasury bonds and other means) to fund new government construction programs would likely have been used to help start new businesses, open new manufacturing plants, or expand existing operations. These new and expanded businesses would have created permanent new jobs.
- The Democrat proposal might create a few new construction jobs today, but once those projects are over, there would be no new plants and no new businesses for these individuals to work in.
- The Democrat plan would actually result in fewer permanent new jobs.
- Republicans have drafted, promoted, and passed legislation to cut taxes, spur business investment, and reduce barriers to trade.
- For example:
 - Republicans drafted, promoted, and passed legislation to permanently remove the marriage penalty in the tax code.

- Republicans drafted, promoted, and passed legislation to increase the amount a small business can deduct immediately for business investments.
- Republicans drafted, promoted, and passed legislation granting the President trade promotion authority to foster expedited international agreements on reducing trade barriers.
- Though all of these items foster economic growth and create permanent jobs, there is more work to be done. Republicans will continue to push for:
 - Reducing the tax on dividends (*to encourage corporations to pay more in dividends and hoard less for executives*)
 - Cutting capital gains taxes (*to encourage and reward new and existing investment*)
 - Increasing the deductibility of capital losses (*to ease the blow of losses to investors*)
 - Further accelerating the marginal rate-reductions in the Bush tax cut (*to stimulate economic activity now—not in 8 years*)
 - Eliminating the death tax now (*to encourage wealth creation*)
 - Eliminating some of the barriers that make it difficult for shareholders to replace corporate boards (*to keep tabs on corporate wrong-doers*)
- Democrats want more spending. Republicans want economic growth.