

SENATOR JOHN EDWARDS: A PLAN FOR ECONOMIC GROWTH

Senator Edwards believes that in order to get the economy moving again and ensure economic growth well into the 21st Century, we must put aside the old partisan theories and embrace a new economic policy based on the lessons of the past 20 years. Edwards laid out a specific economic plan based on three principles:

- *Fiscal discipline is key to establishing an economic climate in which business can flourish.*
- *The private sector is the engine that drives growth, but basic rules of the road are good for business.*
- *Everyone who works hard deserves the opportunity to share in the prosperity.*

FISCAL DISCIPLINE IS REQUIRED FOR ECONOMIC PROSPERITY

Put Off Additional Tax Cuts for The Most Fortunate Americans:

- **Put Off Additional Rate Cuts for Families Over \$200,000, While Making Permanent Tax Cuts for Middle Class Families.** Repeating what he stated in June, Edwards called for putting off additional cuts in the tax rate for families earning more than \$200,000 per year. He also called for making permanent those tax cuts that affect middle class families.
- **Do Not Repeal Entire Estate Tax, But Protect Farmers and Small Businesses.** Edwards called for increasing the estate tax exemption to \$7 million per family to protect small business and farmers, but said we should not repeal the entire estate tax.

Halt Excessive Spending By Washington:

- **Restore Responsibility in Congress.** Edwards called for reinstating real budget caps and permanently restoring pay-as-you-go budget enforcement rules.
- **Cut the Size of Government, Excluding Defense and Homeland Security.** Edwards believes we must cut the size of government, including government contractors but excluding defense and homeland security, by 10 percent over the next 10 years.
- **Close Government Agencies That Have Outlived Their Usefulness.** Too many agencies remain in existence long after their purpose is required. For example, the Office of Thrift Supervision oversees a dwindling number of S&Ls, which could easily be regulated by other agencies.
- **Ensure Government Spends Its Money Wisely.** More government procurement should be open to competitive bidding. For example, the GAO estimates that we could save \$20 million a year just through buying surgical dressings through competitive bidding.

Close Tax Loopholes That Are Economically Pointless:

- **Eliminate Tax Shelters That Merely Allow Companies to Hide Income.** Edwards called for eliminating tax loopholes that allow companies to avoid taxes by renouncing their citizenship or moving overseas – with dummy headquarters that are hardly more than mailboxes.

- **End the Corporate-Owned Life Insurance Deduction for Low-Level Employees.** Edwards believes that “COLI” for low-level employees is a loophole that must end. Government should not be subsidizing companies with tax breaks when former secretaries and janitors die.
- **Enforce Tax Laws Fairly.** It is wrong when a poor working family is five times more likely to be audited than a corporation. Edwards believes the very fortunate should have just as much a chance of receiving an audit as everybody else.
- **Eliminate Corporate Subsidies.** Edwards endorses Senators McCain and Congressman Gephardt’s proposal for a commission, similar to the base closing commission, to eliminate corporate subsidies.

THE ECONOMY NEEDS AN IMMEDIATE SHOT-IN-THE-ARM

Take Action Now To Restart the Cycle of Investment, Hiring, and Growth:

- **Refundable Energy Tax Credit of \$500 Per Family.** As families face higher energy costs this winter, we should put money in their pockets of all Americans to spur spending by way of a refundable energy tax credit of \$500 per family.
- **Short-Term Increase in the Depreciation Bonus.** Edwards believes we should increase the depreciation bonus by 50 percent for the next six months, encouraging businesses to make investments now.
- **Provide Relief to Overburdened State Budgets.** As states face a staggering \$58 billion budget gap, Edwards believes we should take action through Medicaid assistance and targeted Homeland security grants to prevent increases in property taxes or cuts education programs and improve readiness for terrorist attack.
- **Extend Unemployment Insurance.** As we go into the holiday season, Edwards believes we must extend unemployment benefits for the 800,000 workers set to lose benefits three days after Christmas.

RESTORING FAITH IN BUSINESS IS KEY TO ECONOMIC GROWTH

Straight Talk and Strong Action By Business is Required to Restore Confidence in its Leaders:

- **Eliminate Conflicts of Interest Undermining Confidence.** Businesses must eliminate the conflicts of interest that are undermining confidence, such as when investment banks do not clearly separate those giving advice about stocks from those selling stocks. Edwards also challenged business leaders to support proposals like the NYSE proposal on independent boards for the NASDAQ.
- **Promote Pay for Performance in the Tax Code.** While the 1993 law governing executives and stock options had good intentions, it has had some bad consequences. Companies should receive deductions for high levels of executive pay only when they encourage excellence over the long haul.
- **Increase Corporate Disclosure.** Companies should fully disclose the state of their pension plans, whether it is good or bad. When there is a difference between the profits corporations report to the IRS and those they report to shareholders, there should be an explanation. Additionally, Edwards believes companies should be required to post a complete and accurate accounting of the pay received by their executives and how that pay stacks up against that of the ordinary worker.

EDWARDS: BUILDING ON A RECORD OF LEADERSHIP ON THE ECONOMY

Edwards' Plan Is Based on a Record of Economic Leadership. The policy proposals included in Edwards' economic plan are grounded in the leadership Edwards has shown through the year on the economy.

- **June 21, 2002: Edwards Op-Ed Called for Putting Off Tax Cut for Wealthiest Americans, Constraining Spending.** In an op-ed published in the Charlotte Observer, Edwards noted: "Our fiscal health has deteriorated so much that we can no longer follow the budget equivalent of the Hippocratic Oath, doing no harm to fiscal discipline... Here's the bottom line: We can't wait. We need to keep the rules constraining spending. We also need to freeze tax breaks scheduled to take effect in 2004 for families making over \$200,000 per year." [Charlotte Observer, 6/21/02]
- **October 11, 2002: Edwards Called for Action to Jump Start Economy.** In an October floor statement that detailed the \$500 refundable energy tax credit and the other proposals outlined above, Edwards stated: "We cannot wait until thousands more people lose their jobs before taking steps to defend our economic security. We can and should take preemptive action against economic slump." [Edwards Floor Statement, 10/11/02]
- **December 3, 2001: Edwards Called for Common Sense Economic Measures.** Edwards wrote an op-ed in the Carolina Business Journal in December, 2001, in which he called for several steps to get the economy moving, including a short-term increase in the depreciation deduction, an additional tax rebate, and help for states. He noted: "We should put aside partisan differences and prove to both Main Street and Wall Street that in times of economic trouble, Congress can get the job done." [Carolina Business Journal, 12/3/01]