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48	27		<input checked="" type="checkbox"/>	Campaign	Other Document	Information Sheet: Sample--George McGovern's New Tax and Welfare Proposals at a Glance. 6 pgs.

GEORGE MCGOVERN'S
NEW TAX AND WELFARE PROPOSALS
AT A GLANCE

On August 29, in a speech before security analysts in New York City, McGovern outlined the following proposals:

	<u>New Revenue</u>	<u>New Spending</u>
1. Cut in military spending by 1975	\$30 bil.	
2. Tax reform: closing loopholes	\$22 bil.	
3. Allocation to local school districts to allow cuts in property taxes		\$15 bil.
4. "National Income Insurance" to replace present welfare system. Includes the following items:		
a. Public service jobs for 1 million people and 2.5 million of their dependents. Total of 3.5 million people thus taken off welfare rolls.		\$6 bil.
b. Expanded Social Security system to take 3 million more off welfare		\$3 bil.
c. Welfare for those who "can't work."		\$5 bil.

TOTALS: \$52 Billion
\$29 Billion

MCGOVERN'S WELFARE - TAX - ECONOMIC PROGRAM

George McGovern in his "new plan" is proposing an assured annual income -- \$4,000 for a family of four. He is "guaranteeing" jobs to everyone who wants them, via a "public service" (make work) jobs program. Costs for the McGovern welfare-income-jobs program is estimated at \$14 billion.

To finance this McGovern is proposing drastic revisions in present tax laws; revisions that, if passed, would raise \$12.6 billion in new taxes from individuals and \$9.4 billion in new taxes from corporations, for a total new taxes of \$22 billion annually.

I. WELFARE SECTION

"National Income Insurance"

--assures \$4,000 per year minimum level public assistance (for family of four) -- at an added cost of \$5 billion (above current budget projections)

--estimates 12 million persons will be covered with this program

--proposes creation of one million "public service" (make-work) jobs -- at cost of \$6 billion

--expands Social Security payments to "over 3 million persons who would otherwise be on welfare" -- at cost of \$3 billion (this expansion would take in the aged, the blind and the disabled)

TOTAL program cost is \$14 billion in new funds

II. TAX REFORM SECTION

Proposed Tax "Reforms"

--Capital gains: eliminate capital gains tax break; tax capital gains as ordinary income, at full 100% of value

--Capital gains at death: capital gains would be subject to income tax at death of owner (this rule would also apply to gifts involving capital gains -- would be subject to income tax before being given)

--Tax-exempt bonds: while not forbidding these, McGovern would encourage issuance of new taxable State-municipal bonds by allowing a federal subsidy of 50% of the interest costs of such bonds

--Depletion allowance: phased out for oil, gas and all natural resources

--Reduced depreciation allowances: recently enacted accelerated depreciation allowances for business investment and equipment would be abolished and depreciation guideline rates revised downward

--Investment tax-credit revision: to be substantially reduced (details lacking in the McGovern proposal).

--Elimination of certain real estate tax shelters

--Repeal of foreign tax breaks

--Tightening of death and gift taxes: much tighter, heavier taxes on estates, levied on individual recipients (versus estate itself before disbursement)

1. McGovern claims to have discarded his \$1,000 per person welfare grant idea; but, in fact, his new "national income insurance" plan guarantees a family of four, \$4,000 a year. Which still comes out to \$1,000 per person! McGovern has the same program, but in new language.

2. McGovern has switched rhetorical emphasis from "guaranteed income" to a "guaranteed job" for "everyone willing to work" -- but he doesn't comment on what he would do with those unwilling to work -- There is no-work requirement in his "national income insurance" plan.

3. McGovern avoided hard questions of supplements for the working poor. He claims they would be aided at least to the minimum welfare level (\$4,000 annually), but offers no details and no indication of income level at which supplements would cease.

4. McGovern's social spending programs would run far above their estimated \$14 billion additional cost, and would necessarily require new taxes.

5. In wiping out capital gains allowances, McGovern is not only getting the "rich", but also middle income families with modest investments and capital gains profits. People who have sacrificed to invest in the stock market and so improve their financial situation now find their sacrifice being penalized with elimination of capital gains.

6. In eliminating capital gains McGovern also ignores possible harm to small investor who, over the years, has invested in the stock market with an eye toward retirement income partly sheltered by capital gains allowances.

7. In the end McGovern's economic program discourages business investment that stimulates economic growth and produces jobs. McGovern would reduce the incentives for risking capital in investment. With less capital investment business growth would slow and the economy sag. Jobs would decrease. McGovern, following his economic policies, would not have to create 1 million public service jobs, but 100 million!

8. McGovern would cut incentives (capital gains allowance) for risking capital -- would cause less capital investment, less business expansion, fewer jobs, a weaker economy.

9. McGovern's unstated dilemma is how to stimulate the economy and create jobs while simultaneously killing incentives for investment and business expansion.

10. McGovern's economic proposals are as contradictory as all his other proposals and programs.

11. By McGovern's reckoning, he would have a total of \$23 billion left over after providing income and/or jobs to everybody. That's \$23 billion he has to apply to his other grandiose campaign promises, including a \$57 billion cradle to grave health insurance program, much enlarged agricultural subsidies, "rebuilding the cities" and "cleaning up the environment (all these last have no price tag as yet.)

12. McGovern says no one whose entire income comes straight from wages and salaries will pay more taxes. The other side of that coin is that people with the foresight and initiative to invest, rather than spend, a part of their income will be penalized through increased taxes. Ending the capital gains exemption would encourage spending NOW and not saving or planning for LATER.

13. Many elderly and retired people have their savings in stocks and bonds and rely for their income on cashing them in or on interest and dividends. McGovern's capital gains proposal would diminish the expected amount of their incomes, penalize people who took care to provide for an independent old age, and undoubtedly force some to accept unwanted public assistance.

14. Pension funds invest workers' contributions in stocks and bonds and thus make them grow faster, to the benefit of retirees. Eliminating capital gains allowances would mean pension funds could not grow as fast or provide as generous a pension. Retirees would have less, pension and other investment funds would grow less, the entire economy would shrink.