

ENDING PRESIDENT BUSH'S RECORD OF JOB LOSSES: WES CLARK'S PLAN FOR JOB CREATION

Working for a better America, Gen. Wesley Clark's Job Creation Plan will restore our economic vitality and tap the strength, creativity and energy of all Americans. It is part of his New American Patriotism, a strategy for national security and economic security that invests in people while returning the country to a path of long-term fiscal discipline.

President Bush's Record on Jobs: The Worst Since the Great Depression.

Economic downturns may be part of the normal business cycle, but the Bush Administration's economic policies have made the economic situation worse. Some facts about President Bush's record on job losses:

- ***3.3 Million Lost Private-Sector Jobs.*** Between 1993 and 2001, the American economy created nearly 21 million private-sector jobs. Since President Bush took office, the American economy has lost 3.3 million private-sector jobs – that's the worst record on jobs since Herbert Hoover during the Great Depression. The economy has lost jobs in 26 of the 31 months since President Bush took office.
- ***2.5 Million Lost Manufacturing Jobs.*** The American economy has lost 2.5 million manufacturing jobs since January 2001. In every month since President Bush took office, the economy has lost manufacturing jobs. The economy has also lost nearly half a million jobs in information sectors, such as telecom and other high-tech industries.
- ***Unemployment Up Sharply.*** The unemployment rate has increased from 4.1 percent in January 2001 to 6.1 percent in August 2003 – there are three million more unemployed workers today than when President Bush took office.
- ***African-American and Hispanic Unemployment Up.*** The African-American unemployment rate has gone up from 8.2 percent in January 2001 to 10.9 percent in August 2003, while the Hispanic unemployment rate has increased from 5.8 percent in January 2001 to 7.8 percent in August 2003.
- ***Triple The Number of Long-Term Unemployed.*** The number of long-term unemployed – workers who have been unemployed for more than half a year – has increased by more than one million since January 2001, tripling from 660,000 to 1.9 million.

Wes Clark's Three-Pronged, \$100 Billion Strategy To Create American Jobs

Over and over again, the Bush Administration has claimed that it had the right policies to spur the economy – but over and over again experience has shown these claims to be wrong. The time has come for the nation to set a new direction on the economy. General Clark would do just that. If Wes Clark were President, he would implement a three-part, \$100 billion plan to create American jobs in the next two years:

- * ***The Homeland and Economic Security Fund: \$40 Billion Over Two Years.***
Wes Clark proposes to create a Homeland and Economic Security Fund of \$20 billion per year (or \$40 billion total over the next two years). General Clark's Homeland and Economic Security Fund would take the crucial immediate steps that America needs to secure our homeland. This Fund is a win-win strategy for both homeland security and job creation. By moving quickly to fill gaps in America's homeland security, Wes Clark believes that we can help to protect our country and provide a jumpstart for job creation.
 - *The Problem:* While some progress has been made, the Bush Administration has invested too little in protecting and preparing America for possible future attacks by terrorists. Prominent think tanks have identified a number of areas where the Federal government has fallen short on homeland security. Examples include:
 - Too little focus on, and investment in, training and equipment for first responders (e.g., fire fighters, policemen, hospital workers, etc.);
 - Too little focus on, and investment in, the Coast Guard and Customs services (including the Customs Service's Container Security Initiative);
 - Too little focus on, and investment in, America's domestic law enforcement agencies (in terms of personnel and information technology);
 - Too little focus on, and investment in, improved security measures for the nation's toxic chemical plants, biological research facilities, and major buildings and other large facilities; and
 - Too little focus on, and investment in, protecting America's critical infrastructure (e.g., electricity infrastructure).
 - *Wes Clark's Plan:* General Clark's Homeland and Economic Security Fund would create jobs by making critical investments in protecting America's homeland and preparing for a possible terrorist attack. The Fund would be in place for two years to accelerate investments in homeland security, including efforts to train and equip first responders; better prepare hospitals and healthcare systems for potential biological and chemical attacks; hiring more Coast Guard, Customs service, and other

domestic law enforcement agency personnel; construction projects to secure ports,

bridges, and tunnels; and investments in high-tech efforts to detect and respond to biological and chemical threats.

- *Why Wes Clark's Solution Will Help Create Jobs:* General Clark's Homeland and Economic Security Fund will have three beneficial effects: First, it will create jobs directly (e.g., construction projects to secure ports, bridges, and tunnels, and the hiring of more law enforcement personnel). Second, it will create a jobs multiplier effect, as the investments in homeland security ripple through to other sectors of the economy causing jobs to be created in those industries. Finally, it will better protect the homeland, which reduces uncertainty regarding terrorist attacks and therefore helps to boost economic performance.

* ***State and Local Tax Rebate Fund: \$40 Billion Over Two Years.*** Wes Clark proposes to create a State and Local Tax Rebate Fund of \$20 billion per year (or \$40 billion total over the next two years) to create jobs and lessen the need for states and local governments to raise taxes (including property taxes), raise state college tuition rates, raise other fees, and/or cut critical expenditures (e.g., in health care).

- *The Problem:* State and local governments are facing their worst fiscal crisis in decades. According to the National Conference on State Legislatures, projected deficits totaled \$80 billion for the fiscal year that began in July in most states. Despite the fact that this state fiscal crunch has hurt the economy and working families, President Bush has repeatedly chosen to devote resources to income tax cuts for the richest Americans. In fact, President Bush has worsened the state fiscal situation: many states link their tax system to the Federal system, so when the Federal government cut taxes, the State government lost revenue. It was not until mid-2003 that the Congress – over the Bush Administration's initial objections – provided states \$20 billion in fiscal relief. Examples of the way that the state and local government fiscal crunch is hurting America's families include:
 - At least 20 states have increased income taxes and fees: states have increased taxes and fees by more than \$6.9 billion in 2003 and \$9.1 billion in 2002;
 - Many local areas are raising property taxes;
 - Many states are cutting spending for public college, resulting in higher tuition increases – last year, tuitions at four-year public colleges rose by an average of 9.6 percent;
 - Many states are cutting health care expenditures: the Center on Budget and Policy Priorities concluded that “budget cuts already enacted or proposed in governor's budgets could eliminate Medicaid coverage for 1.7 million people;” and

- Some states are even releasing prisoners early.
- *Wes Clark's Plan:* Unlike President Bush, General Clark believes that if we are serious about jumpstarting job growth and economic confidence, America needs a serious plan to protect working families from the state and local fiscal crisis. General Clark's plan for a "State and Local Tax Rebate Fund" would keep state and local taxes down – and jobs up – by providing the following:
 - Education and Training: \$10 billion per year (or \$20 billion over two years). These funds will be used to keep tuition increases down at public colleges and to help state and local governments train (and retrain) workers for new jobs and better opportunities;
 - Medicaid and Other Health Care Efforts: \$5 billion per year (or \$10 billion over two years). These funds will be used to help state and local governments meet the increasing cost of providing health care; and
 - Other Pressing Needs: \$5 billion per year (or \$10 billion over two years). These funds will be available for other pressing state and local needs, such as increased expenditures on law enforcement, corrections, or social services.
- *Why Wes Clark's Solution Will Help Create Jobs:* Virtually every state has some sort of balanced budget requirement. These requirements act as "job killers" during recessions; they force states to engage in Great Depression-style economics – cutting spending or raising taxes when the states should be doing the opposite to create jobs. By providing state and local governments \$40 billion over the next two years – in addition to the assistance they will receive under the Homeland and Economic Security Fund – General Clark would help to protect America's families from feeling the effects of the state fiscal crisis and would help to create jobs.

* ***Tax Incentives for Job Creation: \$20 Billion Over Two Years.*** Wes Clark proposes to provide \$20 billion over the next two years in business tax incentives to create American jobs, including in the manufacturing sector.

- *The Problem:* Too few businesses are willing to invest in hiring new workers. As a result, America is stuck in a job loss recovery. Since President Bush took office, the economy has lost 3.3 million private-sector jobs – including 2.5 million jobs in manufacturing. Even since the beginning of 2003, unemployment is up and the number of jobs is down.
- *Wes Clark's Plan:* In order to provide incentives to businesses to hire more workers, Wes Clark's would support:
 - A New Job Creation Tax Credit. Wes Clark would create a Job Creation Tax Credit, based on a proposal by Sen. Tom Daschle, which would provide up to a \$5,000 tax credit for each additional full-time employee that any business hires in 2004 and 2005.

- * Example: Joe's Technology, Inc. increases the number of full-time employees from 30 in 2003 to 35 in 2004. Joe's Technology, Inc. would receive a tax credit of up to \$5,000 for each of the five additional employees it hired in 2004.
- Allow Small- and Medium-Sized Firms, Including Manufacturing Firms, To Expense Up To \$150,000 In Investments. General Clark believes that we need to provide small- and medium-sized business – especially manufacturing firms – incentives to make investments now. That is why General Clark proposed to allow small- and medium-sized firms to expense up to \$150,000 in investments in each of the next two years.
- Tax Incentives to Keep Manufacturing Jobs in the U.S. General Clark supports current legislative efforts to keep and expand production in the United States. To that end, as President, Wes Clark would institute a 90-day review of all tax and spending provisions affecting large manufacturing firms with a particular focus on whether any tax and spending provisions provide manufacturing firms an incentive to move jobs overseas. As President, General Clark would support initiatives that could provide manufacturing firms the incentive to keep (and expand) manufacturing jobs in the United States.
- Promote Growth By Promoting Trade – While Insisting that All Nations Play by the Rules. Americans cannot shy away from global competition, but General Clark believes that America must insist that the market not be distorted in ways that disadvantage American companies and workers. As President, General Clark would seek to open markets to American goods, and he would ensure that U.S. trade laws are strictly enforced. The time has come to have an Administration that can effectively ensure that our manufacturers are not disadvantaged by market manipulations.
 - * Wes Clark will push for what the G-7 has already supported: market-based exchange rates. Wes Clark believes that no major country, such as China, should be allowed to manipulate markets and keep their currency at artificially low levels. The reason is simple: China's undervalued currency gives Chinese manufacturers a significant cost advantage over U.S. manufacturers.
 - * Wes Clark also believes that we should review all of our existing trade agreements to ensure that our trading partners are living up their agreements to open their markets to U.S. products. It is not protectionist to ask our trading partners to live by their legal obligations.

- Investments in Manufacturing Extension Partnership Program. The Manufacturing Extension Partnership (MEP) program is a nationwide network of one-stop centers that help provide small and medium-sized manufacturers with the help they need to succeed. Studies have shown that MEP helps firms increase or retain jobs and have higher productivity. Yet President Bush has slashed the budget of MEP. General Clark would fully fund MEP.
- o *Why Wes Clark's Solution Will Help Create Jobs:* By providing incentives to businesses to create jobs, General Clark's plan will help turn President Bush's record of job losses into a period of sustained job gains. In addition, General Clark will focus on helping to keep manufacturing jobs in the United States by ensuring that firms have the incentive to create jobs in the United States.

Maintaining Fiscal Discipline While Creating New Jobs

Wes Clark believes that we must use taxpayer resources wisely – that means that we need to maintain fiscal discipline and to ensure that every tax dollar spent (either through tax incentives or new investments) is as effective as possible at creating jobs.

- o ***Wes Clark's Job Creation Plan Is Deficit Neutral.*** General Clark will pay for his \$100 billion Job Creation Plan by making changes to the Bush Tax Plan as it benefits families making more than \$200,000 a year. As a result, there would be no net effect on the budget deficit in 2004 or 2005 from Wes Clark's Job Creation Plan – which would be more effective at creating jobs than the Bush tax breaks it would replace. Furthermore, General Clark's long-term economic strategy will restore long-term fiscal discipline.
- o ***Wes Clark's Job Creation Plan Will Help Middle-Income Families.*** By investing in homeland security, providing states relief to keep taxes and tuitions down, and providing businesses tax incentives, General Clark's Job Creation Plan will help middle-income families. And it will not impose any new tax burdens on families making under \$200,000 a year.
- o ***Wes Clark's Job Creation Plan Uses Taxpayer Resources Wisely.*** The goal is to create American jobs. General Clark believes that the wrong approach is an inefficient, poor bang-for-the-buck plan like the one put in place by President Bush. The core part of President Bush's solution to create jobs is a tax cut for the wealthy – but such tax cuts increase the deficit, while offering little economic stimulus. General Clark's plan is a more direct way to create jobs – and thus, it provides more bang for the buck than any plan put forward by President Bush.