The House Republican Plan

Where We Go From Here:

A Leadership Budget Briefing on The House Republican Plans for a Better American Future

April/May 1995

The American Opportunity:

Creating a Safe and Prosperous Future for Our Generation and Our Children

We are proposing the most significant change in American Government since 1933.

This change involves $11.7 Trillion in Federal Spending, the fundamental direction of American Society, and the lives of 260 million Americans.

The significance of this opportunity requires an investment of time in order to understand what we're trying to do.

The Coming Debate:

Is not about just the Budget

It is about America's Future

It is about the Doing the Right Thing

It is about an opportunity to create the potential for prosperity, safety and a better life for virtually every American

t will take hard systematic work and real change, but it can be done and it will improve our lives and our childrens' lives

Doing the Right Thing Means:

- Being Truly Compassionate by replacing the Welfare State with an Opportunity Society
- Restoring Freedom by ending Centralized Bureacratic Micromanagement
- Promoting Prosperity, Economic Growth, and Take Home Pay by Reducing Taxes, Litigation and Regulation
- Creating Opportunity for every American by Leading the Transformation to a Third Wave, Information Age Society
- Creating a Safe Financial Future for Our Children and Our Retirement Years by Balancing the Budget and Solving the Crises in funding Medicare and Social Security

The Majority Party in American Politics Is Responsible for Leading the Civic Discussion About the American Idea

It is our Moral Responsiblity

As the Majority Party, we must lead a New Dialogue to achieve the needed changes

That New Dialogue must lead to a New Partnership with the American People

Through our New Dialogue we can:

Change Today's Public Opinion into Tomorrow's Public Judgment

Given enough facts people will decide we must create new opportunities by reshaping American Government and balancing the budget. The American people will join a partnership to create a safe retirement for the Babyboomers and a safe future for their children.

In 1995 we are at a crossroads. America has been in similar situations and always risen to the challenge.

"We have nothing to fear but fear itself"
Franklin Delano Roosevelt, 1933
Facing 25% unemployment in the Great Depression

"Our Generation has a Rendezvous with Destiny"
Franklin Delano Roosevelt, 1936
Facing Nazi Germany, Facist Italy and Imperial Japan

"We have every right to dream heroic dreams ... the crisis we are facing today ... requires our best effort and our willingness to believe in ourselves and to believe in our capacity to perform great deeds, to believe that together with God's help we can and will resolve the problems which now confront us. After all, why shouldn't we believe that? We are Americans."

Ronald Reagan, 1/81
Facing 13% inflation, 22% interest rates, the Iranian hostage crisis and the Soviet Empire's invasion of Afghanistan

Our Opportunity:

We have the potential to improve every American's life through 5 strategic improvements:

1. Creating an Opportunity Society out of the Welfare State
2. Decentralizing and Privatizing American Government
3. Creating Economic Growth and Re-establishing America's Competitiveness in the World Market by Reducing Taxes, Litigation and Regulation
4. Leading the Transformation to a Third Wave, Information Age Society
5. Balancing the Budget and Solving the Financial Crises in Medicare and Social Security

To embrace change on this Historic Scale we must use an appropriate Planning Model:

Vision
Strategies
Projects (definable, delegatable achievements)
Tactics

We must ask ourselves:

What is our vision of America's Future?

What are our Strategies to achieve that Vision?

What Projects are the building blocks to implement our Strategies?

What Tactically do we need to do today to Model and Fulfill our Vision?

f we fulf l our dest'ny, we' achieve: To Be Rewritten in May

Our Vision of a Successful 21st Century America - 1

Every American Safe from Violence and Drugs

Every willing person will be integrated into the world of Work, Property, and Achievement

A Healthy Environment will be managed through sound science and a common sense, effective and economical approach

New technologies and new approaches will extend Opportunities in Learning, Health and Jobs to the Poorest Rural and Inner-City neighborhoods

Government will be Lean, Customer Responsive and Effective

Our Vision of a Successful 21st Century America -2

A Renewed American Civilization with a renewed understanding of "Our Creator", our traditions and our institutions will have created a renaissance in civic responsibility and in voluntary and non-profit charities and activities

The best system of health in the world

Effective lifetime learning

New technologies and approaches to create the fullest possible participation of every American with disabilities

Positive Statements on Budget

Our Vision of a Successful 21st Century America - 3

A Pro-entrepreneur, Pro-science, and Technology, Pro-savings and investment America that is inventing the best products with the highest values in the world

Job Opportunities for Every American with the greatest value-added, highest productivity, largest incomes and best job security in the world as the best exporting country that creates American jobs through world sales

Low Taxes so incomes translate into take home pay and the family budget has precedence over the government budget

A Regularly Balanced Budget with declining national debt so money will maintain honest value without inflation, taxes to pay interest will be declining and interest rates will be low

We have living proof Amer˙ca ca ı succeed
in the 21st Century.
All around us scientists and entrepreneurs are inventing a better future
All around us corporations are re-thinking and re-engineering to produce more, better and faster,
with fewer resources
All around us the private sector and private citizens are changing, adapting and improving

The Federal government is the least changed major institution in America.
We know we can have a leaner, better, more effective government that does more and serves people better with fewer resources

When we have our plan thought out, we must lead by listening to others about their plans, their hopes and their fears.

Listen, Learn, Help, Lead:

These are the 4 key steps to getting people to implement large scale change

Five Strategic Improvements will help us create a better government and a better America:

– Be compassionate

1. Creating an Opportunity Society out of the Welfare State
2. Decentralizing and Privatizing American Government
3. Creating Economic Growth and Re-establishing America's Competitiveness in the World Market by Reducing Taxes, Litigation and Regulation
4. Leading the Transformation to a Third Wave, Information Age Society
5. Balancing the Budget and Solving the Financial Crises in Medicare and Social Security

The First Strategic Improvement

Being Truly Compassionate requires:
Replacing the Welfare State with an Opportunity Society

The Welfare State has Failed

- It is a failed model of delivering goods and services to help people. It actually hurts the poor.
- Its failure is reflected by the violence, brutality, child abuse and drug addiction in every local TV news broadcast.
- The culture of violence increasingly permeates our entertainment and denigrates our civilization.
- The non-working, non-productive part of our society is a factor in the deficit and declining American competitiveness in the world market

The Human Cost of the Welfare State

It is the human cost to the poor, not just the financial burden on taxpayers or an exploding deficit that is the true tragedy of the Welfare State

Poor Americans are:

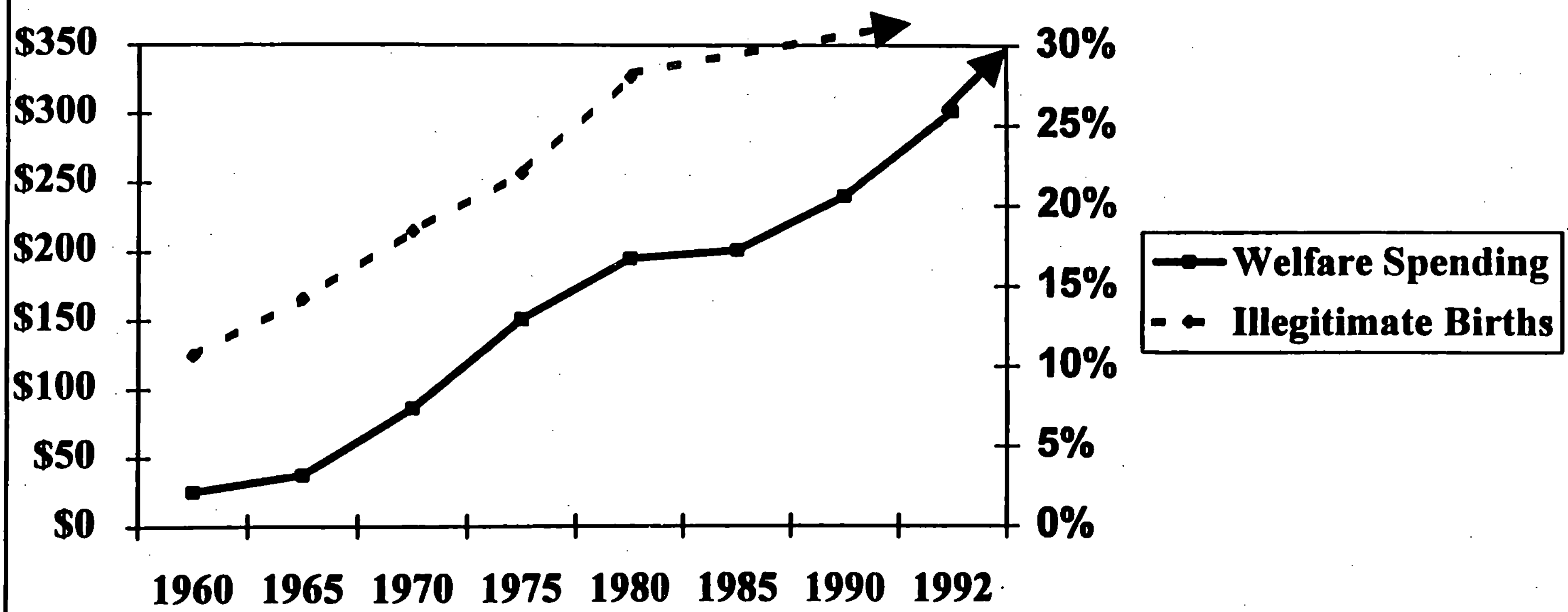
- Trapped in Unsafe Housing
- Maintained in Unsafe Neighborhoods
- Saddled with rules that are anti-work, anti-family, and anti-property
- Forced to have their children attend public monopolies that cost a lot but accomplish little

In the name of "compassion" we have funded a system that is cruel and destroys families

A Failed Welfare State

- Welfare spending now exceeds $ 305 billion per year, for a total of $ 5 trillion since 1965 - more than the cost of winning WWII.
- This $ 305 billion is roughly 3 times the amount needed to raise all poor Americans above the poverty line.
- Since 1970, the number of children in poverty has increased 40%
- Since 1965, the juvenile arrest rate for violent crimes has tripled.
- Since 1960, the number of unmarried pregnant teens has nearly doubled and teen suicide has more than tripled.

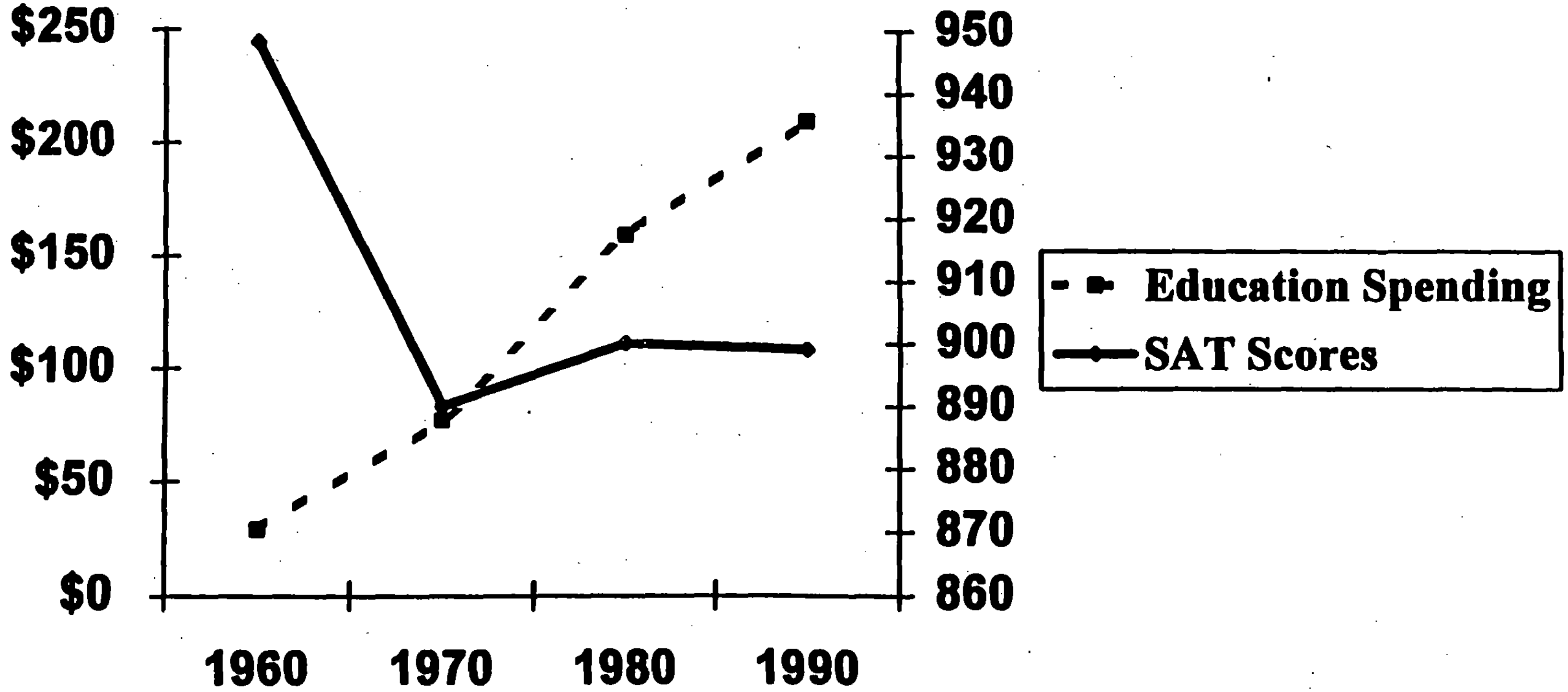
As Welfare Spending has Grown, So has illegitimacy:



Welfare Spending in $ billions vs. % illegitimate births of all births

Source: Heritage Foundation, National Center for Health Statistics

As Education Spending has Risen, SAT scores have fallen



Education Spending in $ billion vs. Average SAT scores

Source: National Center for Education Statistics, The College Board

The failure of the welfare state strikes at the heart of the American Belief that every citizen is endowed by our Creator with certain unalienable rights among which are life, liberty and the pursuit of happiness.

No Civilization can survive with:

- 12 Year olds having babies, 15 year olds killing each other, 17 year olds dying of AIDS, and 18 year olds receiving diplomas they can't read
- Furthermore, no civilization can survive with parents and grandparents cheating their children by refusing to Balance the Budget and live within their means

The Welfare State Cheats the Poor
The Unbalanced Budget Cheats every child

The legacy we're leaving to our children: Moral and Fiscal Bankruptcy

Our program for a better American future begins with replacing the Welfare State with an Opportunity Society

A Cheaper Welfare State is an inadequate response

Transforming the Welfare State into an Opportunity Society for the Poor requires:

Morris Shechtman

- Shift from caretaking to caring

Alcazar Kay

- Welfare Reform that emphasizes work, family and opportunity
- Volunteerism and Spiritual Renewal
- Renewing the Basic Values of American Civilization
- Tax Incentives for work, investment, and entrepreneurship
- Re-establishing property ownership and full citizenship for the poor

Polly Williams

- Learning as the focus of Education
- Government protection for the poor against violence and drugs

The Second Strategic Improvement

Restoring Freedom by

Ending Centralized Bureaucratic Micromanagement by the Government in Washington

The Centralized, Washington-based system of bureaucratic micro-management has failed in a diverse, continent-wide country

Reforms should emphasize decentralization from Washington and return authority to state and local government

<u>A General Rule for Decision Making</u>:
For local problems, Local Government is generally better than National Government and the Private Sector is generally better than Local Government

The Private Sector includes non-profits as well as for-profit activities.

Anti Gov't dole pro Freedom

The Jeffersonian Model of Limited Government

Keep Gov't small so Freedom will be big

4 Zones of a Free Society:

1 Culture & Society setting the rules we live by	3 Private Property Free Markets Entrepreneurship Wealth Creation
2 Civic Responsibility Non-Profit Private Association Tocqueville's Association	4 Limited Effective Government

Any effort to increase government comes at the expense of the other 3 elements of society

Elected Leaders have Four Roles in this New Opportunity Society:

- Visionary Definer and Value Articulator
- Symbol of Community Power and Standing
- Recruiter of Talent and Energy for Private Sector Solutions
- Administrator and Manager of the Government

When Re-thinking the Federal Government, we must ask:

Zero Subcommittee for every Fed Program.

1. Does the Community Leadership have an interest in making this happen even without Federal intervention?
2. Is it something which is morally and spiritually more appropriate in a non-profit, voluntary system?
3. Does the project symbolize and communicate the values we want the society and culture to be reinforcing?
4. Can a private, for-profit business achieve the same goal as well or better than the government?
5. Is there a Third Wave Information Age technology that improves service or lowers cost or does both?
6. If government is the best place to do it, can it be done at the state or local level?
7. If the Federal government is the best place to do it, where is it on the priority list? Can we afford to do it?
8. Have we thought through the least expensive, most citizen oriented, most entrepreneurial way to do it with maximum satisfaction and minimum resources?

The Real issue is: What Works and What Doesn't?

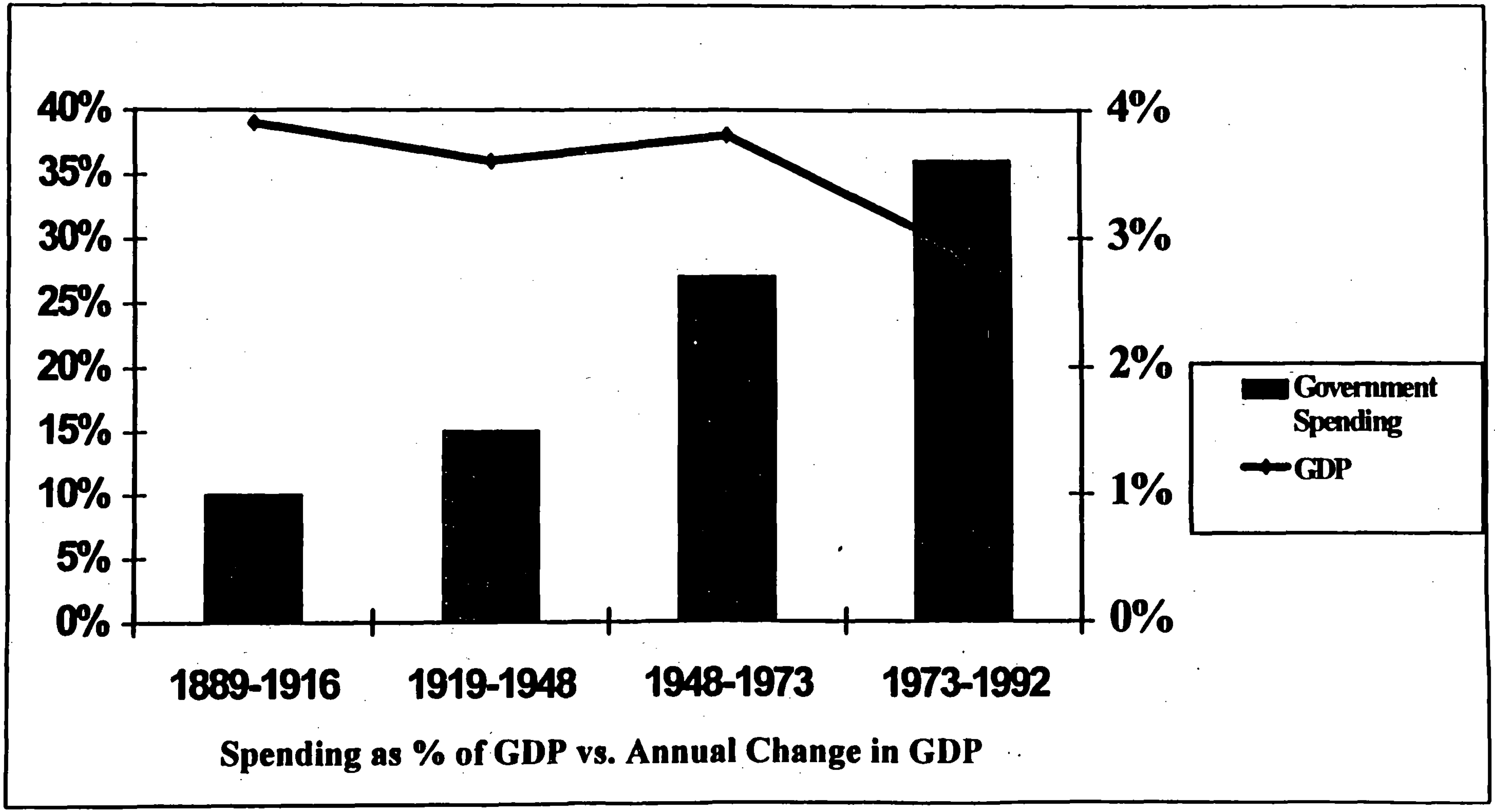
The Third Strategic Improvement

Promoting Economic Growth, Jobs and Prosperity by Reducing Taxes, Litigation and Regulation

The American Economy needs to grow within an increasingly competitive world market

- To provide more jobs and increased take home pay
- To provide resources for charities, local and state governments
- To increase revenues so the Federal Government Budget can be balanced without raising taxes
- To pay for Social Security and Medicare in the 21st Century

As Washington Grows, the Economy Slows

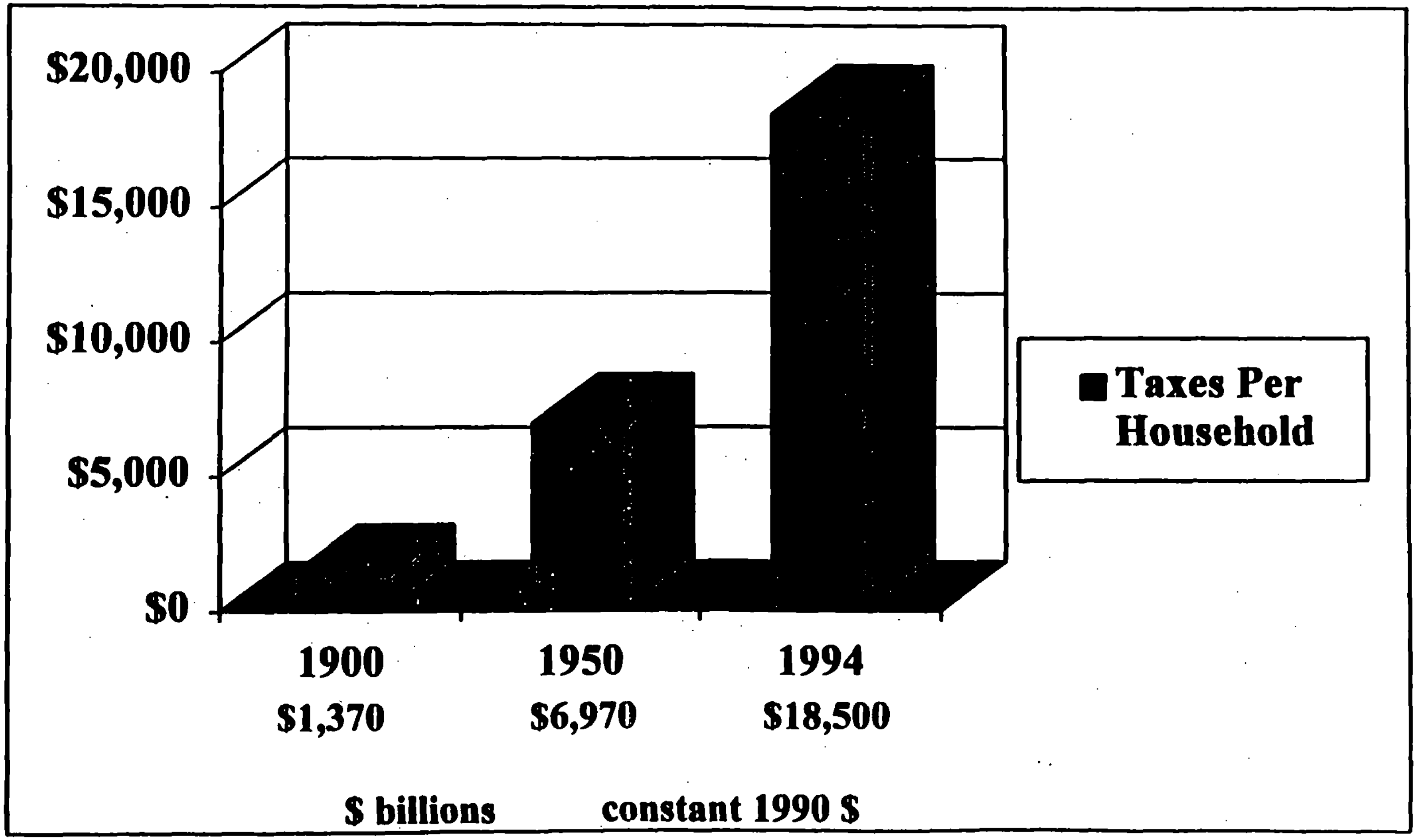


Source: The US Budget, Historical Tables, and Stephen Moore

The Middle Class Squeeze:

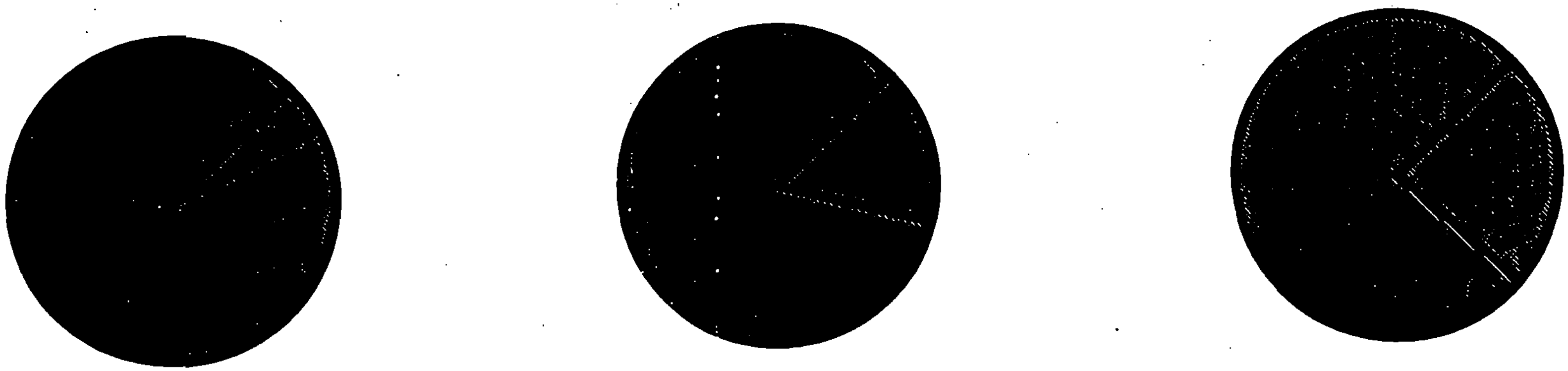
Today most families are working harder - they're just not getting ahead

Real Total Government Taxes Per Household, 1900 - 1994



Source: Tax Foundation

Federal Taxes as a Share of Median Household Income



1950
5%

1970
16%

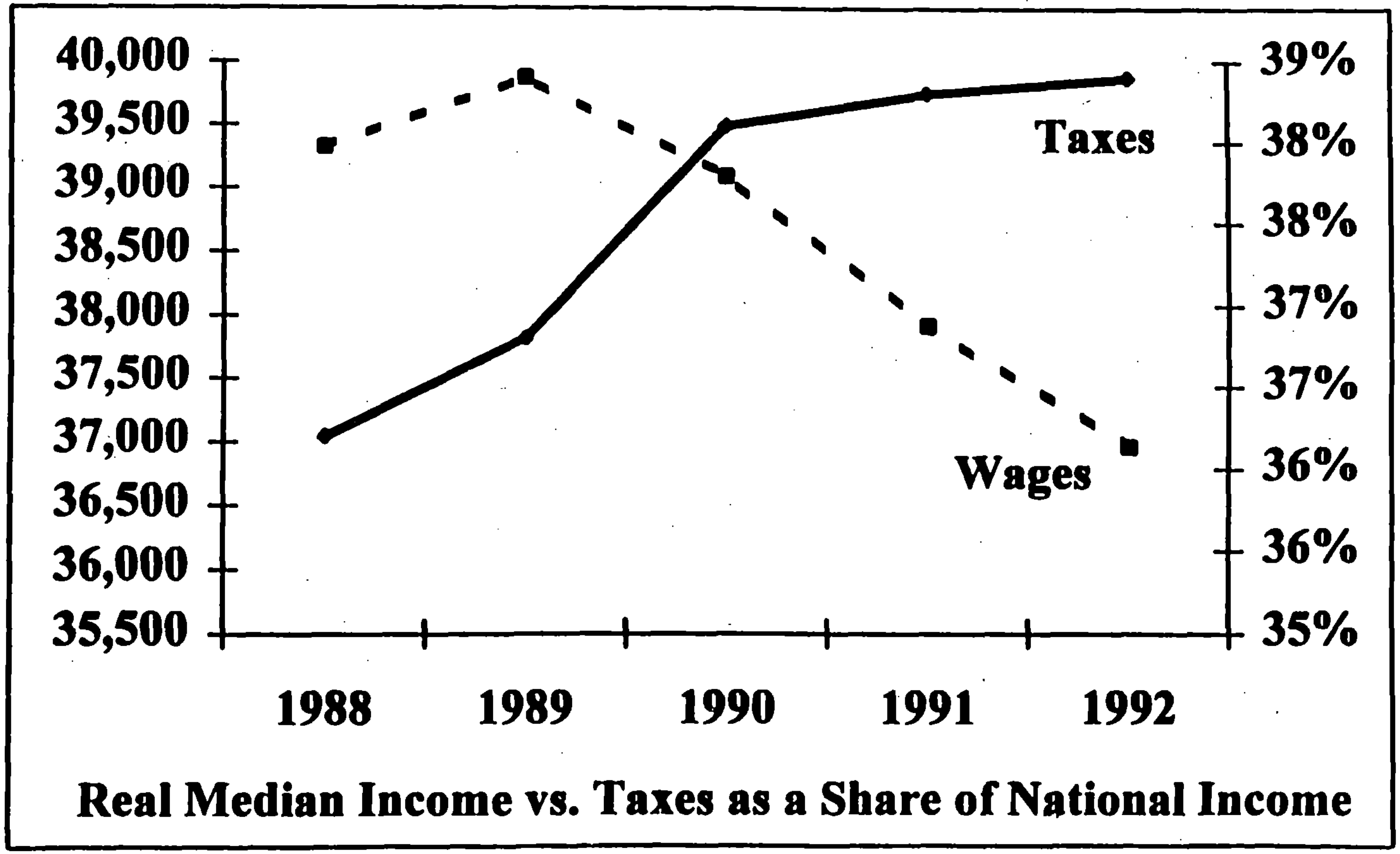
1990
24%

If we were paying taxes today at the 1970 level of government, the average family would have $ 4,000 more in Take Home Pay every year.

Source: Hertitage Foundation

Why Bush lost

Middle Class Anxiety is Justified



Source: Tax Foundation

Creating more effective government that needs fewer resources will allow us to lower taxes and increase take home pay for working middle class families.

Re-engineering government to cut out waste, lower costs, increase productivity and increase quality will also allow us to lower taxes on entreprenuers and inventors so we can create more Economic Growth

Economic Growth: The consistently underestimated contributor to our economic well-being

At 1% LESS GROWTH than the current projection:

- Social Security goes into deficit 13 years sooner (in 2016)
- The Federal Deficit is $ 640 billion bigger over the next 7 years
- Federal Tax Revenues are $ 716 billion smaller
- Individuals will have $ 9,329 less personal income over 7 years

At 1% MORE GROWTH than the current projection:

- Social Security maintains its surplus as far as our current model looks into the future
- The Federal Deficit shrinks by $ 640 billion over the next 7 years
- Federal Tax Revenues are $ 716 billion greater
- Individuals will have $ 9,678 more personal income over 7 years

Source: Joint Economic Committee

In 7 Years, the difference between the high and low Economic Growth projections means:

$ 1,280 billion swing in the size of the Federal Budget Deficit

$ 1,432 billion swing in Federal Revenues

$ 19,007 swing in what individuals could make over 7 years

High Growth Rates can be achieved and sustained and are a response to following the right policies - just as good health comes from good nutrition and exercise

Example:

Japan 1975 - 1993

18 Years without a Recession

4.2% Annual Growth Rate

3.6% Annual Personal Income Increase

Source: GAO

Compared with America's performance
1975 - 1993:

Three Recessions during that period

2.6 % Annual Growth Rate

1 % Annual Personal Income Increase

Source: GAO

Imagine if America had matched the Japanese in Economic Growth over this period of time:

- Real GDP would have been $ 1.8 trillion greater
- Per Capita Income would have been $ 8,955 greater
- Federal Revenues would have been $ 393 billion greater

Greater American Competitiveness and Increased Economic Growth Requires:

- A Tax Code that favors work, savings and investment
- Less litigation
- Less regulation and Red Tape
- Lean and Effective Bureaucracies
- Lifetime learning
- Entrepreneurial culture
- Sensible government investments in infrastructure
- Government research and development leading to corporate product development and marketing
- More aggressive U.S. government support of exports and more effective enforcement of trade agreements

The Fourth Strategic Improvement

Creating Opportunity by Leading the Transformation to a Third Wave, Information Age Society

America needs to lead the world into the emerging Third Wave Information Revolution and its new technologies

The Information Revolution will lead to changes on a historic scale:

The First Wave:
Hunting Gathering to Agriculture

The Second Wave:
Agriculture to Industry

The Third Wave:
Industry to Information

Source: Alvin and Heidi Toffler, The Third Wave

The Information Age will create opportunities in a wide range of areas:

- Computers
- Worldwide Electronics
- Molecular Medicine
- Breakthroughs in Material Technology
- Exploring and Manufacturing in Space
- Microminiaturization
- Virtual Reality

In the Third Wave Information Age, We can do Far More for Far Less:

The advance from the vacuum tube to the transistor to the computer chip has resulted in a one million fold improvement in productivity over 40 years

The power of computer chips will multiply one million fold over a ten year period - as much as the entire increase in productivity over the last 40 years. This means a one trillion fold increase in productivity after the year 2000.

f the federal government had undergone this rate of improvement, today's federal government would be providing the same level of service and programs with only four federal employees and at a total budget of $100,000.

Source: Bill Loughery, Scientific Atlanta

Over the last 15 years, the Ford Motor Company has transformed itself through new technology and a new culture of quality and productivity.

Today Ford Produces the same number of cars:
Two and 1/2 times the quality with,
•1/2 the work force

Consider what a government that matched that standard would look like.
Consider how much we could improve services, reduce spending, reduce taxes and balance the budget with this approach

Can't remold old government

New Breakthroughs do not fit into the Traditional model of government

New Breakthroughs require Bold Rethinking based on Peter Drucker, Edwards Deming, and others.

We must apply these New Breakthroughs as part of replacing the Welfare State with an Opportunity Society

In a Successful 21st Century government, we can replace the wasteful bureacracies of today with programs that serve citizens and save tax dollars.

Among the proposals some House Republicans have already offered:

Merge the Departments of Education and Labor
Saving $4 billion every year

Eliminate HUD
Saving up to $15 billion over 5 years

Eliminate the Department of Energy
Saving up to $20 billion over 5 years

The Fifth Strategic Improvement

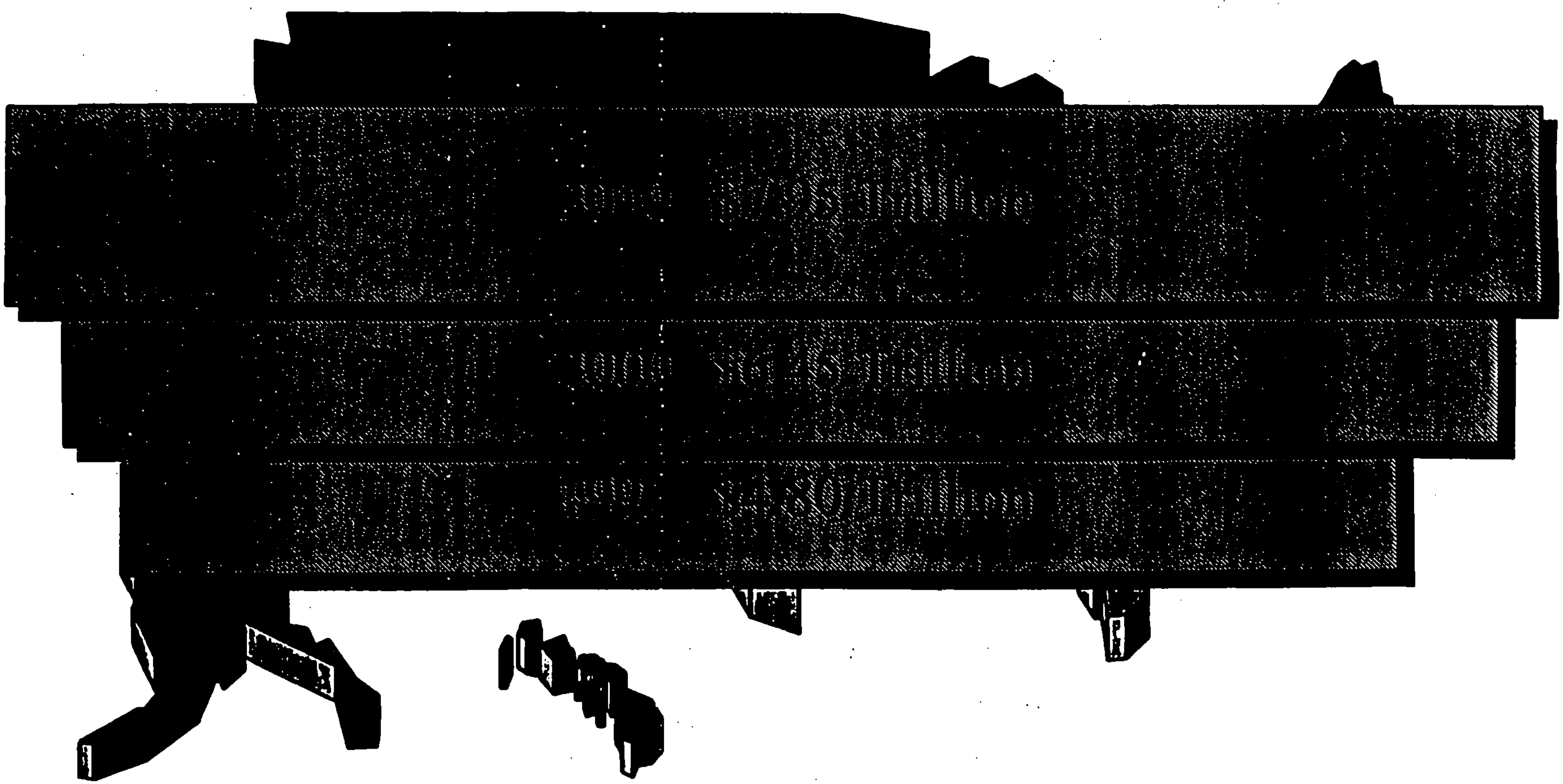
<u>Creating a Safe Future for Our Children and Ourselves</u> by

Balancing the Budget and Solving the Financial Crises in Medicare and Social Security

The Budget Deficit combined with the Baby Boomers' coming retirements will cause a crisis of Historic Proportions unless the problem is honestly faced and managed well in advance.

If we face up to these challenges now, we can establish the foundations of a safe financial future for ourselves and our children.

The Debt Consumes America



Source: OMB, CBO, Economic Report of the President - 1995, JEC

The Clinton Administration knows a crisis is coming...

"Social Security will face a cash deficit in 2013 ... the unified deficit will increase unless taxes are raised or benefits reduced ... and (it) could come even earlier (1999) ."

- Clinton OMB Director - Alice Rivlin, 10/94

...but fails to provide a solution.

The Clinton debt numbers actually understate the problem because they fail to account for 4 additional powerful factors:

1 The taxpayers' burden in paying interest on the debt

2 The cost of higher interest rates caused by federal government's borrowing

3 The imminent financial crisis in Medicare

4 The soon to be retiring Baby Boomers and their effect on the Social Security Trust Fund

Fact: Every Citizen will have to pay a lot in taxes for interest on the debt

The Current Budget Deficit is Projected by the Clinton Administration to continue growing into the future without solution

Debt in 1995	$ 3,618,366,000,000
Interest for Debt in 1995	$ 235,000,000,000
Debt in 2005	$ 6,968,931,000,000
Interest on Debt in 2005	$ 412,000,000,000
Interest on Debt 1995 - 2006	$ 3,922,000,000,000

Sources: CBO, GAO estimates

Over the next 11 years, we'll pay as much in taxes just to pay interest on the debt as today's entire debt

Debt in 1995	- $ 3.6 trillion
Interest on the Debt 1995 - 2006	- $ 3.9 trillion

The following Americans will pay a lot just on interest on the debt that builds up over their entire lives:

	Year of Birth	Interest payments over over a lifetime of 75 years
Robert	1959	$ 75,851
Mary	1974	$115,724
Sally	1995	$187,150

Our spending today saddles our children with debt tomorrow.

Sally will have to pay $ 187,150 in taxes for interest on the debt and more taxes to pay for her parents and grandparents Medicare and Social Security before she pays taxes for any government service herself.

Source: Joint Economic Committee

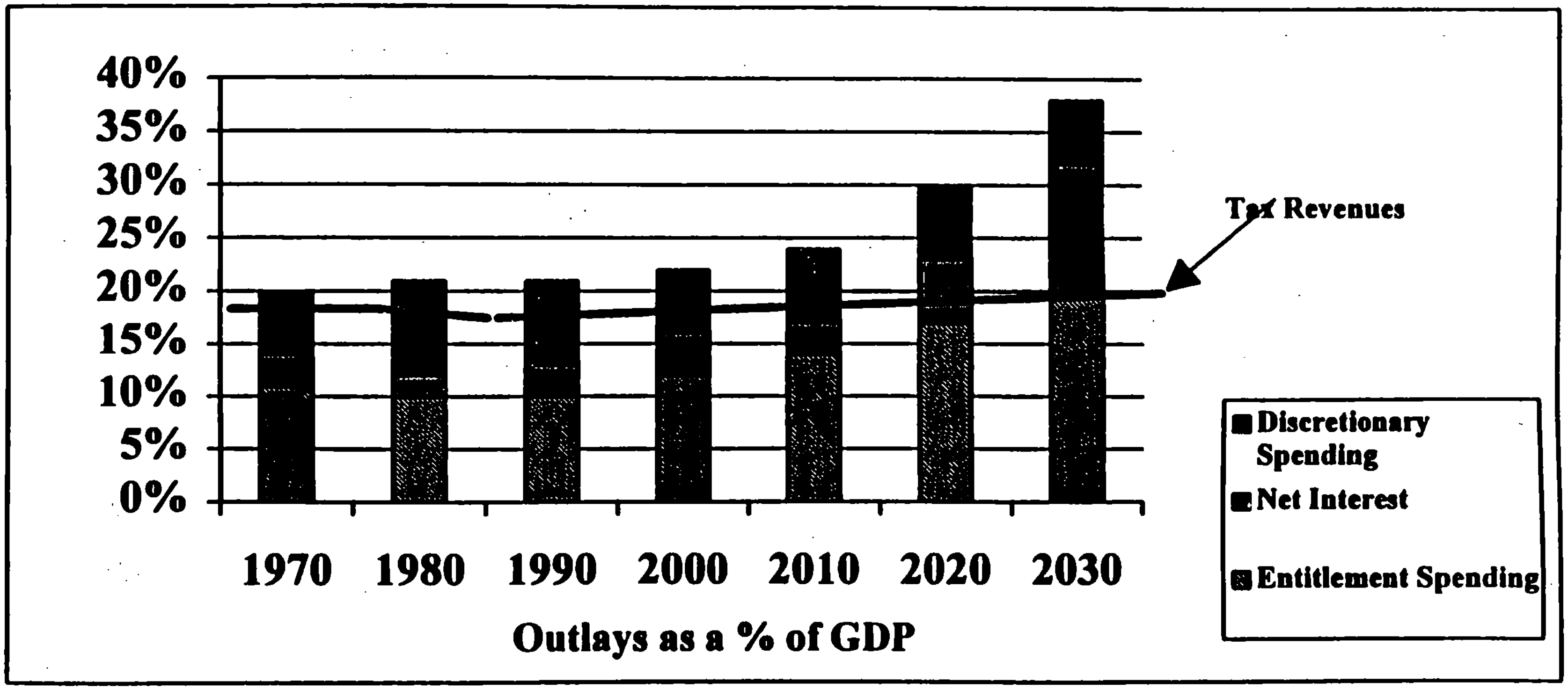
According to Clinton Administration Budget Projections:

In 1997 we will pay more for interest on the debt than we will pay for National defense

National Defense in 1997: $257 billion
Interest on Debt in 1997: $270 billion

Source: President's FY96 Budget

In just 17 years, spending on entitlements and interest on the debt will consume all tax revenues



The only item in the budget that we'll be able to afford is interest on the debt and entitlements - discretionary spending will be beyond our means.

 Source: Bipartisan Commission on Entitlement and Tax Reform

"A family should know it is over-extended when its debts exceed 15% of its take-home pay"

--- Leonard Sloan - <u>New York Times Personal Finance Handbook</u>

Interest on the Federal debt alone already exceeds 17% of Federal tax revenues.

Source: CBO

Fact: Budget deficits raise interest rates and cost everyone additional money

What a Balanced Budget will mean for most Americans:

"I think their real incomes and purchasing power of their real incomes would significantly improve ... they would look forward to their children doing better than they."

- Fed Chairman Alan Greenspan

One recent estimate is that a Balanced Budget would produce a <u>2% lower</u> interest rate for everyone.

<u>2% lower</u> on your car
<u>2% lower</u> on your mortgage
<u>2% lower</u> on your credit card
<u>2% lower</u> on building a new factory
<u>2% lower</u> on keeping a family farm in business

This is a Balanced Budget Dividend

Source: Joint Economic Committee, CATO

While 2% may not seem like much, it adds up to a lot of money over a lifetime

What 2% Means for a 30 Year Mortgage:

For a $75,000 home at 8.75% Annual Interest Rate:

Annual Mortgage + Payment	Your National Deficit Tax (2% added to interest rate)	=	What you Pay every year
$5,832	$1,248		$7,080

Extra mortgage you pay over 30 years
due to the National Deficit:
$\underline{\$\ 37,440}$

Source: Joint Economic Committee

What 2% Means for Your Car Payment:

For a $15,000 car at 9.75% Annual Interest Rate:

Annual Car Payment	+	Your National Deficit Tax (2% added to the interest rate)	=	What you pay every year
$3,624		$180		$3,804

Extra interest you pay over 4 years on your auto loan due to the National Deficit: $ 900

 Source: Joint Economic Committee

What 2% means for a Family Farm:

For a 6 month, $350,000 Farm Operating Loan at 10% Annual interest rate:

6 month Interest Payment	+	Your National Deficit Tax (2% added to the interest rate)	=	What a Family Farm pays
$13,936		$3,484		$17,420

Source: Univ. of Georgia

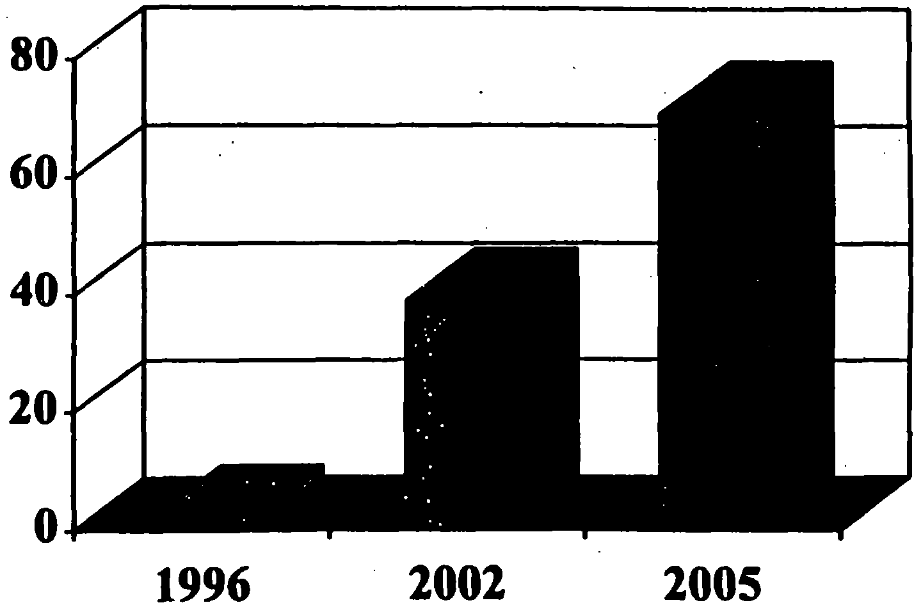
2% lower interest rates will make America a much more competitive economy in the world market. With a Balanced Budget lowering interest rates (the Balanced Budget Dividend), experts believe the American economy will:

- Create 6.1 million more jobs in 10 years
- Increase per capita incomes 16.1%
- Generate $235 billion more revenue for the Federal Government without a tax increase
- Generate $232 billion more revenue for State and Local Governments without a tax increase

Source: Joint Economic Committee

Fact: The imminent crisis in Medicare funding is real and unavoidable. It must be corrected within the next few years.

Medicare Spending will soon outrun Revenues, and its deficit will climb:

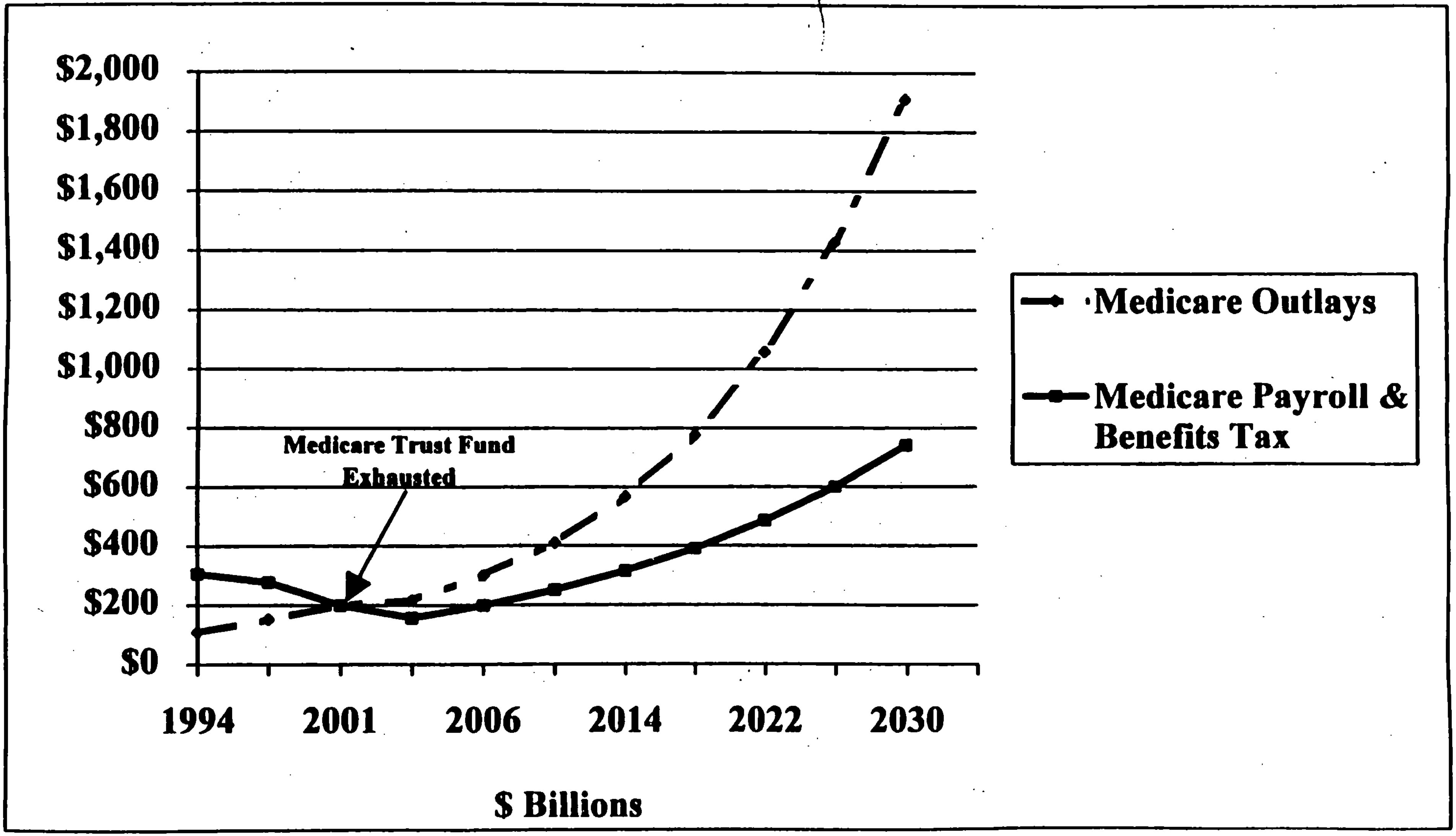


$ 2 billion **$ 39 billion** **$ 71 billion**

Medicare Deficit

Source: CBO

Medicare goes bankrupt in 6 years



By 2002 the Medicare Trust Fund runs out of money
If we wait until then, everyone will pay for our failure to solve the problem.

The Medicare portion of FICA taxes for everyone will have to be raised 125% from their current level

and

Senior Citizens will have to pay 300% more in yearly premiums

The cost of Medicare to everyone will go up again and again until Medicare is transformed.

Because a centralized government monopoly is inherently inefficient, wasteful and too slow to adapt to new ideas and new solutions:

Leader Briefing
Key

<u>Medicare must be Transformed</u>

into a system in which every senior citizen has more choices in health care and more control over their own lives.

A Transformed Medicare system will provide better health at lower cost with greater choice.

Failure to transform Medicare will lead to cuts in services and financial crisis.

The immediate Medicare challenge will ultimately be dwarfed by an even bigger Social Security challenge.

Fact: When the Baby Boomers begin to retire, they will put enormous pressure on the Federal Budget

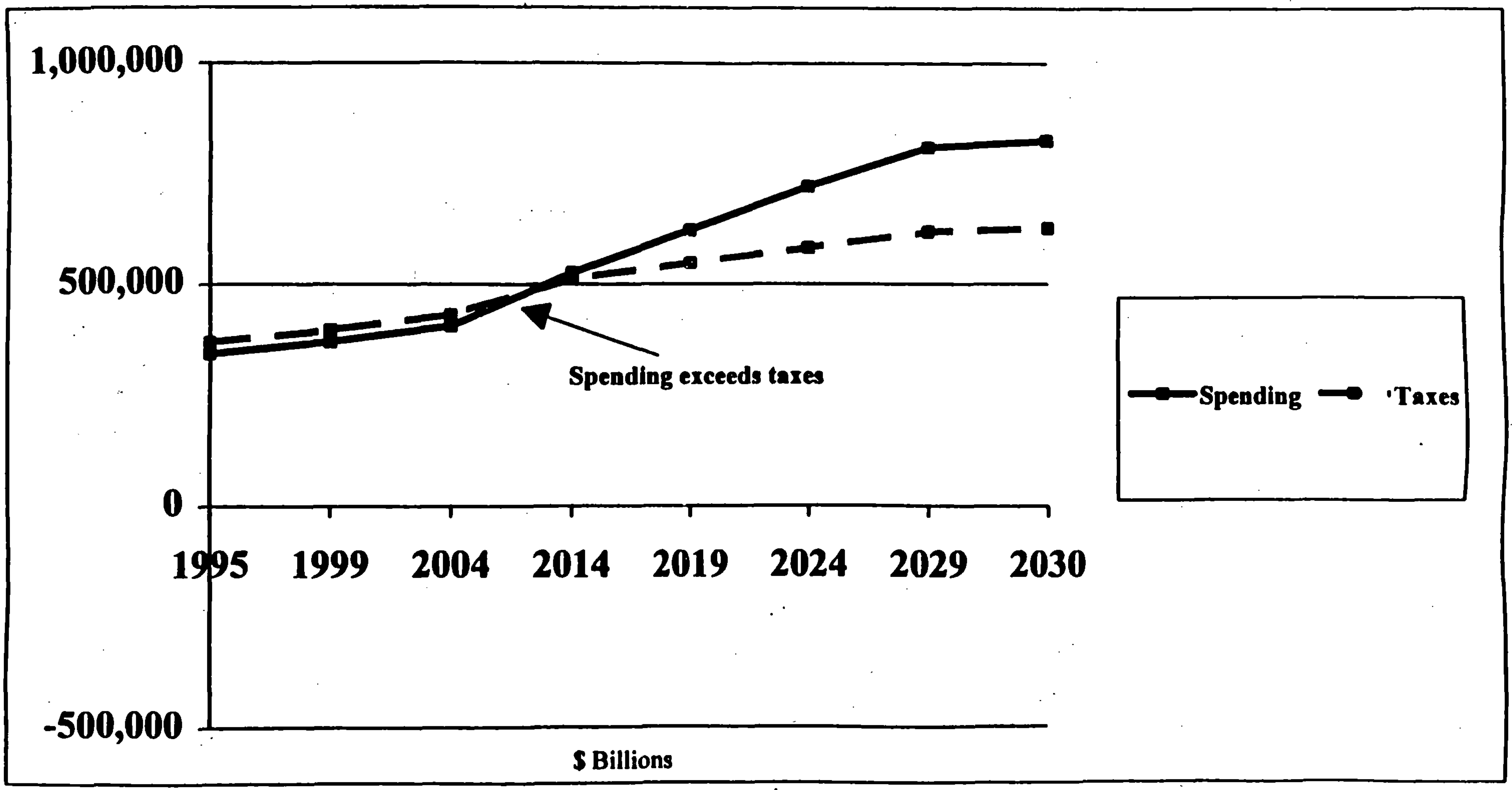
- Baby Boomers begin to retire in 2008.

- In 2013 Social Security spending will exceed the taxes workers are paying into the system.

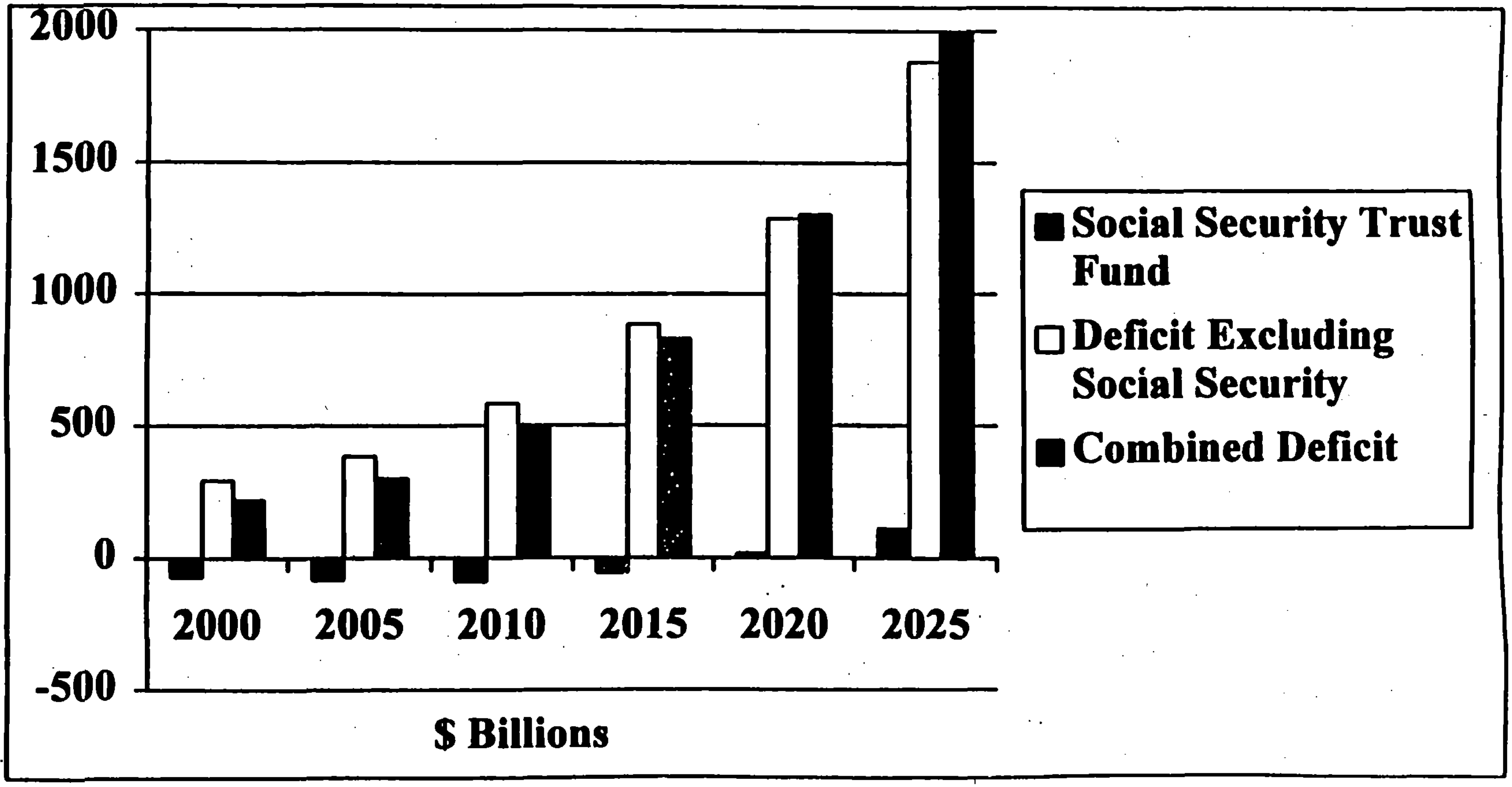
- In 2030 the Social Security Trust Fund will be entirely depleted.

Source: Social Security Administration

The Baby Boomers' retirement threatens the Social Security Trust Fund



The Baby Boomers' retirement drains the Social Security Trust Fund, and adds to the already massive deficit



Source: Social Security Administration

Faced with combined deficits on this gigantic scale, the politicians of 2013 will only have four choices:

Ruthless Spending Cuts of Unprecedented Depth

or

Massive Tax Increases

or

Tremendous Cuts in Social Security benefits

or

Fiscal crisis leading to massive inflation

For the politician who fails to provide leadership, it's better to enjoy the present and postpone worries about the future no matter what the ultimate cost.

If you plan to be alive in 2013, NOW is the time to ensure that Baby Boomers will be able to retire without:

Massive inflation
Massive tax increases
Massive cuts in Social Security

NOW is the time to prepare for a Safe and Prosperous Future

Recap: The Four Fiscal Facts that make change in the Federal Government unavoidable are:

1. Rising cost to taxpayers of interest on the debt
2. Cost to everyone of higher interest rates caused by the deficit
3. Imminent crisis in Medicare funding
4. Shift in Social Security from surplus to deficit as the Baby Boomers start retiring

Five Strategic Improvements define "Doing the Right Thing":

- Replace the Welfare State with an Opportunity Society
- End Centralized Bureacratic Micromanagement by the Government in Washington
- Reduce Taxes, Litigation and Regulation
- Lead the Transformation to a Third Wave, Information Age Society
- Balance the Budget and Solve the Crises in Medicare and Social Security

What will our childrens' lives be like if the Leadership for a Safe and Prosperous Future prevails?

What if the Status-Quo Leadership Prevails?

Take the story of 2 children : Danny and Theresa

Danny is a successful suburban child who's family is well-off and who's future is bright

Theresa is a poor inner-city child who's life is bleak and future is uncertain

Danny

A successful suburban 18 year-old who's family is well-off and his otherwise bright future is threatened and he doesn't even know it

• More children Danny's age believe that UFOs might exist than believe that Social Security will be there for them when they retire.

• Danny has already inherited a bill of $125,000 from the Federal government that he will have to pay over his lifetime in interest on the Federal Debt.

• Because the government has not balanced its budget, interest rates are 2% higher. For Danny, that means a 40% tax on his lifetime earnings.

• Our current policies offer Danny and his generation an ugly choice:

> By the time he's 43, he could be paying 28% of his income just to fund Social Security and Medicare. Or, he could wait until he's 53, do nothing, and be faced with a bankrupt Social Security system

If Danny can't provide for his own future, how can he provide for America's?

Sources: Third Millenium Poll, JEC, National Taxpayers Union, Social Security Administration

Theresa

A poor inner-city 15 year-old who's life is bleak and future uncertain

• Theresa has been raised by her mother alone, as is the case of 1/3 of the children like her in America's inner cities.

• She was born when her mother was only a teenager herself.

• Theresa's family is on welfare - which is not unusual. 77% of all unmarried teen mothers go on welfare within 5 years of giving birth. More than 40% remain on welfare for more than 10 years.

• Theresa's 10 year old brother is twice as likely as any of the types of boys his age to be the victim of a serious crime, and nearly three times as likely to be murdered by the time he reaches 18 years old.

• Theresa is at great risk of becoming pregnant, as children of teen mothers are 2 1/2 time more likely to become mothers themselves. If she becomes a teen mother, she is 3 times as likely to remain in poverty.

If Theresa is unable to break the cycle of poverty, violence and drug addiction to improve her future, how will she be able to contribute to America's?

Sources: CRS, Heritage Foundation, Bureau of Justice Statistics, Journal of AMA, National Longitudinal Survey of Youth

All of the world's children rely on American leadership for a safe, free and prosperous future.

There is no alternative Leader.

The alternative to a strong America is a dark and bloody planet:

Bosnia, Somalia, Rwanda, Haiti, Chechnya

For our Children's sake, our Country's Sake and the World's sake, we must wrest control from those who refuse to take responsibility and insist on a plan to create a Safe and Prosperous Future for our Children and for our own retirement years.

Our Challenge is to have a Federal Government that spends $ 11.7 Trillion over 7 years and does it well enough to provide goods and services effectively.

If we implement the 5 Strategic Improvements, we can actually have better government services with less money and a lot less Washington bureaucracy and Red tape

The Steps to a Do-able, Practical, Common Sense Balanced Budget Plan

1995 Revenues - $1.419 Trillion

2002 Revenues - $1.788 Trillion

Source: CBO

2002 Spending = 2002 Revenues

$1.788 trillion = $1.788 trillion

Budget Balanced

 Source: CBO

Total Spending for Last 7 Years
1989 - 1995
$ 9.5 Trillion

Total Spending for Next 7 Years
(Under a Balanced Budget)
1996 - 2002
$ 11.7 Trillion

Source: CBO

Social Security is off the table

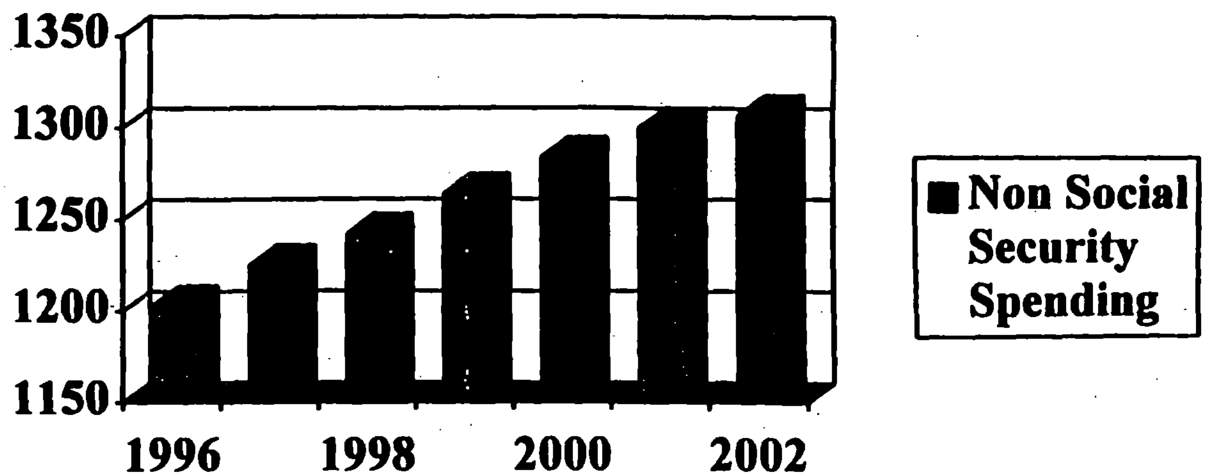
No Social Security spending will be cut to get to a Balanced Budget

Social Security Spending:
1989 - 1995 = $ 1.997 trillion
1996 - 2002 = $ 2.892 trillion

Source: CBO

Non Social Security Spending will still go up every year

Non Social Security Spending
1989 - 1995 = $ 7.5 trillion
1996 - 2002 = $ 8.8 trillion



1203 1225 1242 1264 1284 1300 1307
$ billions

 Source: CBO

The Key to getting to a Balanced Budget is to be sufficiently Innovative, Creative and Transformational to meet America's Key needs while spending $ 11.7 trillion over the next 7 years

Getting to a Balanced Budget will save:

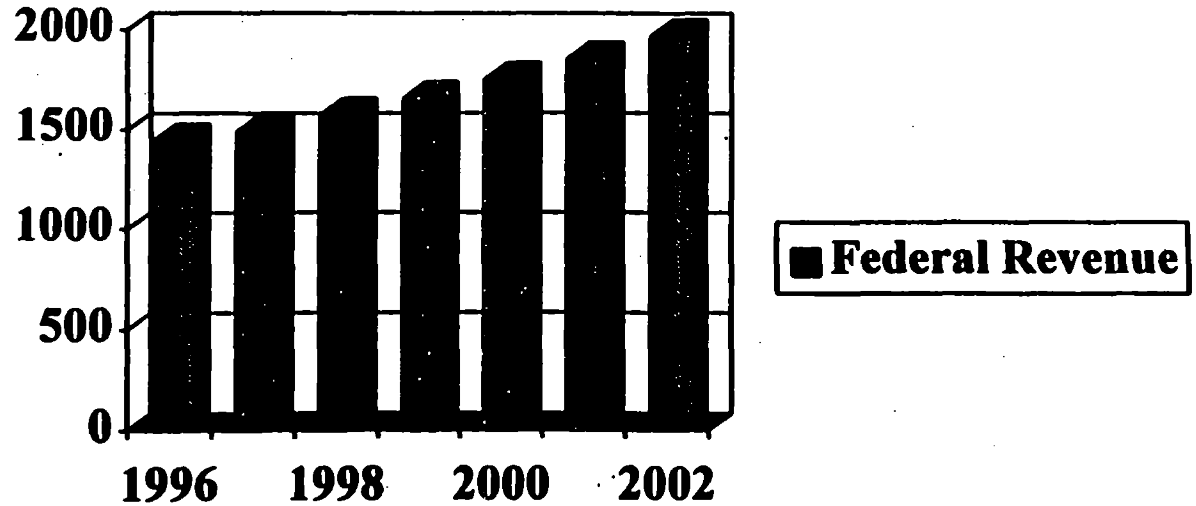
$ 125 billion through lower deficits
$ 298 billion through 1% lower interest rates
(the Balanced Budget Dividend)

Or, $ 423 billion savings on taxes just through interest savings over 7 years

Source: CBO

If reformed Litigation, Taxation and Regulation combine with Lower Deficits and Lower Interest rates, the economy will grow and Federal Revenue will be higher

1% higher growth increases Federal revenues...



1446 1494 1576 1659 1753 1858 1969

$ billions

... and gets us to a balanced budget in 2000

Source: CBO

If we fulfill our destiny, we'll achieve:

Our Vision of a Successful 21st Century America -1

Every American Safe from Violence and Drugs

Every willing person will be integrated into the world of Work, Property, and Achievement

A Healthy Environment will be managed through sound science and a common sense, effective and economical approach

New technologies and new approaches will extend Opportunities in Learning, Health and Jobs to the Poorest Rural and Inner-City neighborhoods

Government will be Lean, Customer Responsive and Effective

Our Vision of a Successful 21st Century America -2

A Renewed American Civilization with a renewed understanding of "Our Creator", our traditions and our institutions will have created a renaissance in civic responsibility and in voluntary and non-profit charities and activities

The best system of health in the world

Effective lifetime learning

New technologies and approaches to create the fullest possible participation of every American with disabilities

A Pro-entrepreneur, Pro-science, and Technology, Pro-savings and investment America that is inventing the best products with the highest values in the world

Our Vision of a Successful 21st Century America -3

Job Opportunities for Every American with the greatest value-added, highest productivity, largest incomes and best job security in the world as the best exporting country that creates American jobs through world sales

Low Taxes so incomes translate into take home pay and the family budget has precedence over the government budget

A Regularly Balanced Budget with declining national debt so money will maintain honest value without inflation, taxes to pay interest will be declining and interest rates will be low

The Time for Cheating Our Children has Ended.
The Time to Balance the Budget has Arrived.

America's Future Requires a New Dialogue and a New Partnership with the American People

That is what the House Republicans are dedicated to achieve in April and May of 1995

The Clinton debt numbers actually understate the problem because they fail to account for 4 additional powerful factors:

1 The taxpayers' burden in paying interest on the debt

2 The cost of higher interest rates caused by federal government's borrowing

3 The imminent financial crisis in Medicare

4 The soon to be retiring Baby Boomers and their effect on the Social Security Trust Fund

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