

# Carly for California

## Carly's Economic Growth Plan

“Now, more than ever before, we have to fight for every job. That is why it is critically important that our representatives in Washington champion policies that help California businesses grow and create jobs. That begins with getting government out of the way so that small businesses and entrepreneurs can flourish and succeed.”  
(Carly Fiorina, 4/1/10)

Before delving into the details of Carly's policy proposals, it is important to understand the key elements considered in its development – namely California's and the nation's current economic crisis and Carly's core views on how economies are stimulated to grow.

### **California's Unemployment Crisis**

While the nation is facing a stubborn unemployment rate of 9.5 percent, California is bearing the brunt of our nation's economic downturn. In California, unemployment remains too high at 12.3 percent, almost three points above the national average. More than 1 million people have lost their jobs since the recession began in California in July 2007 – about 5.5 percent of the current workforce. The underemployment rate is 17 percent nationally; while in California, it is more than 21 percent. The fundamental goal of Carly's Economic Growth Plan is to stave off further job losses, and appreciably reduce unemployment in California.

### **California's Economic Crisis Goes Beyond Unemployment**

In addition to sky-high unemployment rates, family income is stagnating in the Golden State. Total personal income in California last year declined for the first time since the Great Depression, and per capita income declined by 3.5 percent, also a first. In addition, average California home prices are down by one third since 2006 and home foreclosures have been at record highs in California. On top of this, Californians have suffered large losses of retirement savings with the decline in equity values.

### **Carly's Core Views On Economic Growth vs. Barbara Boxer's Views**

Carly's view is that economic growth starts with unleashing the talents and energies of California's workers, small-business owners, innovators and entrepreneurs. Government can best serve these entrepreneurial energies by

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staying out of the way and reducing uncertainty that is inevitably caused by intrusive and over reaching government regulatory policies.

California workers and entrepreneurs will reach their greatest economic potential when we reduce taxes and unnecessary regulatory burdens. And the unhindered flow of credit, the necessary lubricant to a dynamic and growing economy, will only return when unneeded regulatory burdens on business are eliminated. Regulatory certainty allows for business to plan, grow, create jobs and earn a profit.

In contrast to Carly's pro-growth approach we have Barbara Boxer's, which is disproportionately reliant on more government intrusion into the private economy and the creation of more public sector jobs. To that end, Barbara Boxer's approach is to nationalize health care, regulate and tax carbon, and take away the secret ballot for union organizing elections.

### **Carly's Policy Proposals**

Carly is a fiscal conservative who has laid out a set of policies to restore sustainable economic growth and will be her priorities as a U.S. senator. These policies fall into three categories:

- Lowering taxes
- Fighting for every job
- Incentivizing innovation

**Lowering Taxes. In the short term, Carly supports continuing the 2001 and 2003 tax cuts, and she will fight against the return of the estate tax at sky-high levels. In the long term, Carly supports lowering marginal income tax rates and ensuring our business tax rates allow California companies to compete globally.**

- **Continue the 2001 and 2003 Tax Cuts.** Carly opposes tax increases of any kind and has signed the Americans for Tax Reform Taxpayer Protection Pledge.
  - Without acting to extend the 2001 and 2003 tax cuts, our nation's fragile economy may be weakened further by the largest tax increase in American history - \$3.8 trillion in new taxes.
  - Average middle-income California families will be hit hard by the additional \$1,600 they will have to pay in taxes. Every American who pays income tax will be forced to hand over more money to the federal government. Small businesses, lower-income Americans, married couples, and even parents - all of these groups will be subject to higher taxes at a time when they can least afford them.

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- **Lower Marginal Income Tax Rates Over The Long Term.** History shows that the best way to maximize the growth potential of California's workers and entrepreneurs is to allow them to keep more of the fruits of their labor.
  - The greatest economic growth during the past quarter century occurred after President Ronald Reagan reduced income tax rates in 1981 and after the second tax cut by President George W. Bush in 2003.
  - Our current tax structure, however, only encourages the growth of government jobs. Therefore, Carly proposes lowering marginal income tax rates to pave the way for long-term economic growth, which is a precondition for long-term deficit reduction.
  - Carly also supports streamlining the tax code to reduce the cost and complexity of compliance.
- **Eliminate Capital Gains Tax On Small-Business Investments.** Our nation's small businesses, family-owned businesses, innovators and entrepreneurs employ more than 50 percent of Americans and create two-thirds of our nation's new jobs – and they'll be the ones to lead us out of this economic downturn.
- **Payroll Tax Holiday.** Carly also supports instituting a two-year payroll tax holiday for small businesses and start-up businesses that hire unemployed workers.
- **Eliminate the "Death Tax."** Estate taxes have a huge influence on land sales. At a sky-high 55 percent rate, the so-called "Death Tax" disproportionately hurts small businesses because it interferes with the orderly transfer of farmland and equipment from one generation to the next.
  - If Congress does not extend current tax law, Washington, D.C. will impose a 55 percent death tax (up from zero), lower the per person exemption level to \$1 million (down from \$3.5 million), and do away with the stepped-up basis on property values. This will hurt small, family-run businesses, particularly farms.
  - The death tax, which is set to rise from zero to 55 percent next year, will discourage saving and investment, undermine job creation and economic growth, all at a time when we can least afford it.
  - As the death tax approaches, it has created uncertainty in business planning and an incentive for hard-working families to sell off and transfer business assets while their owners are still alive – this year – rather than risk the government's taking more than half of their life's work if they pass away in 2011 or after.

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- **Repatriate Overseas Profits.** Because of the United States' policy of taxing profits made overseas, we're creating incentives for companies to keep their money and their jobs overseas.
  - Carly supports lowering the tax rate on repatriated corporate profits for businesses that re-invest those profits in capital equipment and job creation here in the United States.

**Fighting For Every Job. We must compete and fight for every single job. That means both creating jobs at home and bringing jobs back from overseas. We should ensure that the incentives we offer for high-skill and manufacturing jobs are competitive with what foreign governments offer.**

- **Create “Jobs for Americans Zones.”** These selected geographic areas would be created throughout the country where targeted, substantial federal tax benefits, in partnership with state and local regulatory relief, will help lure manufacturing jobs back to America. These benefits will include:
  - A 10-year tax holiday for facilities repatriated from overseas
  - A five-year tax holiday for start-ups and expansions
  - State and local permitting and land use assistance
  - State and local holidays from local uncompetitive regulations (e.g., higher labor costs from uncompetitive work rules)
- **Free Up Credit for Small Businesses and Individuals.** In an uncertain regulatory environment, banks are forced to pick winners and losers when deciding what businesses to lend to. For example, currently, farmers in California are very much at the mercy of the decisions of government regulators. The risk a bank takes has more to do with the consequences of unknown intervention by a regulator. By minimizing this uncertainty, credit will more readily flow.
- **Approve Free Trade Agreements.** As a U.S. senator, Carly will support and vote to approve the United States' free trade agreements with South Korea and Colombia, as well as the Panama Trade Promotion Agreement.
  - The Korea-U.S. Free Trade Agreement, signed in June 2007, is the largest and most significant agreement signed outside North America - but it has yet to be ratified.
  - South Korea is California's fifth-largest export market; in 2008, California exported over \$7.7 billion in goods to South Korea.
  - The FTA with Colombia was signed in November 2006, yet Congress has failed to even take up the agreement.
    - Since December 1991, most Colombian exporters have enjoyed duty-free access to markets in the United States; the Colombia FTA would give American exporters access to similar opportunities.

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- In the more than three years since the FTA was signed, American companies have paid an estimated \$2.4 billion in tariffs on U.S. exports to Colombia.
  - The Panama TPA is a critical element of the U.S. strategy to liberalize trade through multilateral, regional and bilateral initiatives.
    - Bilateral and regional agreements complement the possible goal of creating a Free Trade Area of the Americas.
    - The TPA will increase momentum toward lowering trade barriers and set a positive example for other small economies in the Western Hemisphere.
  - Failure to approve these agreements puts the United States at a competitive disadvantage against the European Union and Canada as both are pushing hard to negotiate, approve and implement their FTAs with South Korea and Colombia in the coming year.
    - Specifically, continued failure to ratify these agreement would lead to a decline of \$40.2 billion in U.S. exports; job losses could surpass 380,000.
- **Reduce Costly and Frivolous Lawsuits.** By leveling the litigation playing field and restraining excessive awards of punitive damages and eliminating abusive class action lawsuits, we can further reduce the cost of doing business.
- **Repeal and Replace the Health care Overall.** Carly opposes the recently enacted health care legislation because it increases taxes, expands the role of government in health care, creates uncertainty for businesses when it comes to planning for health care for their employees and will do nothing to lower costs of care or increase its quality. It is a costly morass that puts American companies at a competitive disadvantage. She advocates for its repeal and replacement with a bill that relies on creating more competition, reducing the role of government, lowering costs and enhancing the quality of care.
- **Instead of Cap and Trade, Pursue Energy Diversification.** Barbara Boxer has proposed legislation that will kill up to 3 million jobs in this country and increase energy and gas costs for businesses. Instead of pursuing this wrongheaded and punitive bill, Carly supports, and will work to develop, a comprehensive energy policy for the country that relies on the development of energy from many sources including clean coal, nuclear power, wind, solar and increased access to domestic sources of petroleum.
- **Incentivizing Innovation.** America's best competitive advantage is our culture of innovation and entrepreneurialism. It's no accident that

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more than half of the Nobel Prizes in medicine since World War II have been awarded to Americans.

- **Permanent Reauthorization of the Research and Experimentation Tax Credit.** Carly supports the federal government's continuing role in basic research and development. Major investments in applied research should be left to the private sector.
- **Rigorous Protection of Intellectual Property Laws.** At home and abroad, it is the role of government to uphold the law. By protecting effectively American innovation, we encourage innovators to continue to do what they do best.
- **Focus on Improving the Quality of Education.** The federal government invests billions of dollars into education, but the outcome often shortchanges our students. Carly will pursue policies that put into place more accountability and choice into education. In Carly's view, this isn't about the investment of more resources, it is about having the courage and the will to insist that performance on behalf of our children is all that matters.

Carly also recognizes that local and state government regulations, fees and taxes play a critical role in making it tough to successfully start, run and grow a business in California. As the state's junior senator, she will work in concert with local and state governments to help ease these burdens as well.