Collection: Presidential Handwriting File: Presidential Speeches

Folder Title: Folder 369 (06/05/1985, cont.)

Box: 20

Like it or not, freedom depends on us. Like it or not, ultimately peace itself in Central America depends on our commitment, our courage, and our faith. Help America and her friends meet this challenge; stick with us in this noble effort, and future generations will thank us for the most precious gift of all -- the gift of life in lands of liberty.

Thank you for your warm and wonderful welcome. God bless you all.

Little or none of what we have accomplished in these 4 1/2 yrs. would have been possible if we had not had a majority in the U.S. Sen. We must hold that majority. Send Don Nickles back to the Sen. for all our sakes.

25756SS
SP966

~~Gov~~ Gov, High —
(GILDER) Sen & Mrs. Nickles & JUNE 5, 1985
Cong. Mickey Edwards

AT&T TECHNOLOGIES PLANT

OKLAHOMA CITY, OKLAHOMA

THANK YOU. THANK YOU ALL. Chmn, Brown

FOLKS, YOU'VE MADE ME SO AT HOME, I'VE BEGUN TO FEEL LIKE A GENUINE SOONER. COME TO THINK OF IT, THE SOONER THE BETTER.

WELL, I'M PROUD TO BE IN THE HOME OF YOUR CHAMPIONS — THE OKLAHOMA CITY 89'ERS. AND I'M PROUD TO STAND WITH ALL OF YOU, HERE ON THE GROUNDS OF THIS SHOWCASE INDUSTRY FOR AMERICAN TECHNOLOGY HERE ON THE FRONT LINES WHERE AMERICA IS CHARGING FORWARD IN THE BATTLE FOR INTERNATIONAL COMPETITIVE SUCCESS.

WE WANT TO HELP, SO, I'D LIKE TO SPEAK ABOUT OUR PROPOSAL TO LEAVE MORE EARNINGS IN THE HANDS OF YOU, THE PEOPLE BY MAKING OUR TAX CODE MORE SIMPLE AND FAIR — THE MOST SWEEPING CHANGE IN OUR TAX LAWS IN MORE THAN SEVEN DECADES.

(GILDER) JUNE 5, 1985

Thank M. & W. the trades group for time they spent last weekend constructing event site outside. And then stayed up all nite last evening reconstructing site [illegible] destroyed [illegible]

AT&T TECHNOLOGIES PLANT

OKLAHOMA CITY, OKLAHOMA

THANK YOU ALL.

FOLKS, YOU'VE MADE ME FEEL AT HOME. I'VE BEGUN TO FEEL LIKE A GENUINE SOONER -- COME TO THINK OF IT, THE SOONER THE BETTER.

WELL, I'M PROUD TO BE IN THE HOME OF YOUR CHAMPIONS -- THE OKLAHOMA CITY 89'ERS. AND I'M PROUD TO STAND WITH ALL OF YOU HERE ON THE GROUNDS OF THIS SHOWCASE INDUSTRY FOR AMERICAN TECHNOLOGY; HERE ON THE FRONT LINES WHERE AMERICA IS CHARGING FORWARD IN THE BATTLE FOR INTERNATIONAL COMPETITIVE SUCCESS.

WE WANT TO HELP. SO, I'D LIKE TO SPEAK ABOUT OUR PROPOSAL TO LEAVE MORE EARNINGS IN THE HANDS OF YOU, THE PEOPLE, BY MAKING OUR TAX CODE MORE SIMPLE AND FAIR -- THE MOST SWEEPING CHANGE IN OUR TAX LAWS IN MORE THAN SEVEN DECADES.

I SEEM TO REMEMBER SAYING IN MY TELEVISION SPEECH THAT THE POWER OF THESE NEW INCENTIVES WOULD SEND ONE MESSAGE TO AN ENTIRE NATION: AMERICA, GO FOR IT.

WELL, WITHIN MINUTES OF THAT SPEECH, THE TELEGRAMS BEGAN COMING IN.

FROM NORTH BERGEN, NEW JERSEY; JACKSONVILLE, FLORIDA; AND FROM LAKE OSWEGO, OREGON, THE VOICE OF AMERICA CAME THROUGH LOUD AND CLEAR. YES, LET's GO FOR IT.

WELL, I'M READY TO DO ALL I CAN, BUT I NEED HELP. ARE YOU WITH ME — CAN I COUNT ON YOU?

WE CALL OUR PROPOSAL AMERICA's TAX PLAN — BECAUSE IT MEANS FAIRNESS FOR TAXPAYERS AND PROSPERITY FOR OUR NATION.

ON THE BUSINESS SIDE, THE PRESENT TAX CODE HAS A TOP CORPORATE TAX RATE OF 46 PERCENT. THAT's TOO HIGH, BUT IT ALSO PROVIDES LOOPHOLES BIG ENOUGH FOR A ~~FACTORY~~ 747 TO SLIDE THROUGH.

YOU KNOW, IN RECENT YEARS, SOME OF OUR BIGGEST CORPORATIONS PAID NO TAXES WHATSOEVER, WHILE EVERYDAY WORKING PEOPLE HAVE BEEN TAXED UP TO THEIR EYEBALLS.

WELL, I HAVE A FEELING YOU AGREE WITH ME -- ENOUGH IS ENOUGH, THOSE DAYS ARE OVER.

FROM NOW ON, ALL WILL PAY THEIR FAIR SHARE.

OUR TAX PLAN WOULD ENSURE THAT ALL CORPORATIONS THAT EARN SUFFICIENT INCOME PAY A MINIMUM TAX. WE WOULD ALSO CLEAR THE WAY FOR MORE JOBS AND NEW PRODUCTS AND TECHNOLOGIES BY REDUCING THE CORPORATE TAX RATE FROM 46 TO 33 PERCENT.

WE WOULD CUT THE MAXIMUM TAX ON CAPITAL GAINS FROM 20 TO 17-1/2 PERCENT -- BECAUSE WHEN WE CUT CAPITAL GAINS IN 1978 AND IN 1981 -- VENTURE CAPITAL INCREASED 100-FOLD, PRODUCING NEW JOBS, HIGHER INCOMES, AND MORE AND MORE OPPORTUNITIES FOR AMERICANS.

GOOD AS THAT IS, IT STILL ISN'T GOOD ENOUGH. JUST LIKE YOUR COMPANY SHOT AHEAD OF THE PACK, WE WON'T BE SATISFIED UNTIL THE UNITED STATES OF AMERICA CAN OUT-PRODUCE, OUT-COMPETE AND OUT-SELL ANYBODY, ANYWHERE IN THE WORLD.

NOW, I'M DELIGHTED TO SEE SO MANY FAMILIES HERE TODAY BECAUSE WHEN IT COMES TO THE INCOME TAX YOU PAY, OUR PLAN REPRESENTS THE MOST IMPORTANT PRO-FAMILY PROPOSAL IN POSTWAR HISTORY. WE WOULD REPLACE THE PRESENT SYSTEM OF 14 DIFFERENT BRACKETS WITH A SIMPLE 3-BRACKET SYSTEM THAT WILL ALLOW YOU TO KEEP MORE OF EACH ADDITIONAL DOLLAR YOU EARN. RIGHT NOW, INDIVIDUAL TAX RATES GO ALL THE WAY UP TO 50 PERCENT. AND YOU KNOW WHAT THAT MEANS WHEN YOU WORK OVERTIME, RIGHT? IT's LIKE UNCLE SAM HOLDING UP A GIANT STOP SIGN PUTTING THE BRAKES ON YOUR INITIATIVE AND PROGRESS.

WELL, UNDER AMERICA's TAX PLAN, THE THREE NEW RATES WOULD BE 15, 25, AND 35 PERCENT -- PERIOD. IT WILL GIVE YOU THE FREEDOM TO GET AHEAD, TO MOVE UP, TO SUCCEED. IF YOU WORK OVERTIME OR GET A RAISE, IF YOU'RE PROMOTED TO A BETTER JOB, IF YOU'RE ABLE TO SAVE SOME MONEY AND INVEST IT -- THEN FEWER OF THOSE DOLLARS WILL GO TO LINE UNCLE SAM's POCKETS AND MORE WILL END UP IN YOUR WALLETS -- WHERE THEY BELONG.

SIXTY-NINE PERCENT OF ALL TAXPAYERS WILL PAY THE LOWEST RATE OF 15 PERCENT, 28 PERCENT WILL PAY THE MIDDLE RATE OF 25 PERCENT, AND ONLY 3 PERCENT OF AMERICAN TAXPAYERS WILL PAY THE 35 PERCENT TOP RATE.

AND WE'RE GOING TO MAKE THE TAX SYSTEM SO SIMPLE, SO STRAIGHTFORWARD THAT HALF OF ALL AMERICANS WON'T EVEN HAVE TO FILL OUT A FORM.

THAT SOUNDS PRETTY GOOD TO ME. DOES IT SOUND GOOD TO YOU TOO?

AND THERE's MORE HELP ON THE WAY FOR FAMILIES HERE IN OKLAHOMA CITY AND THROUGHOUT AMERICA.

TO GIVE YOUR FAMILIES THE TAX RELIEF THEY DESERVE / WE INTEND TO RAISE THE STANDARD DEDUCTION FOR JOINT RETURNS TO $4,000. WE WOULD NEARLY DOUBLE THE PERSONAL EXEMPTION FOR EVERY TAXPAYER AND DEPENDENT TO $2,000. AND WE WOULD DO THIS RIGHT AWAY, ON JANUARY 1, 1986. NOW, JUST IN CASE YOU COULDN'T HEAR ME ALL THE WAY IN THE BACK / I'LL SAY IT AGAIN. WE INTEND TO NEARLY DOUBLE YOUR PERSONAL EXEMPTION / ALL THE WAY UP TO $2,000 / EFFECTIVE NEXT YEAR.

AND THAT $2,000 WOULD BE INDEXED TO PROTECT AGAINST INFLATION.

WE WANT TO HELP YOUR FAMILIES SAVE BY EXPANDING THE LIMITS FOR INDIVIDUAL RETIREMENT ACCOUNTS (I.R.A.'s.)

OUR PRESENT TAX SYSTEM LIMITS I.R.A.'s TO $2,250 WHEN ONE SPOUSE WORKS IN THE HOME.

DOES THIS MAKE ANY SENSE TO YOU?

DON'T YOU THINK HOMEMAKERS SHOULD HAVE THE SAME RIGHTS TO I.R.A.'s AS WAGE EARNERS?

AFTER ALL, OUR HOMEMAKERS PRODUCE GOODS AND SERVICES THAT, EVEN IN STRICTLY ECONOMIC TERMS, ARE INVALUABLE. AND BY NURTURING OUR CHILDREN, CARING FOR OUR ILL, AND LOOKING AFTER OUR ELDERLY, HOMEMAKERS GIVE AMERICA ITS STRENGTH AND HEART.

UNDER OUR PROPOSAL, HUSBANDS AND WIVES WILL HAVE THE SAME ACCESS TO I.R.A. ACCOUNTS. AND WE'LL PUT THIS CHANGE INTO EFFECT BY RAISING THE I.R.A. PER HOUSEHOLD LIMIT FROM $2,250 A YEAR ALL THE WAY UP TO $4,000 FOR ALL HOUSEHOLDS.

AS WE PUT MORE RESOURCES INTO YOUR HANDS, WE INTEND TO CLOSE THE LOOPHOLES THAT BENEFIT THE FEW AT THE EXPENSE OF EVERYONE ELSE.

IT's ABOUT TIME THAT WE DO AWAY WITH TAX BREAKS FOR "WINDMILLS" AND SO-CALLED "EDUCATIONAL" CRUISES ON OCEAN LINERS/ AND TAX DODGES LIKE "CAYMAN ISLAND TRUSTS."

IT's ABOUT TIME WE PULLED OUR MONEY OUT OF FOREIGN TAX HAVENS AND PUT IT BACK INTO INVESTMENTS FOR YOU AND THE FUTURE OF AMERICA.

DEDUCTIONS FOR STATE AND LOCAL TAXES WILL ALSO BE DROPPED.

TWO-THIRDS OF AMERICANS DON'T EVEN ITEMIZE, SO THEY RECEIVE NO BENEFIT FROM THE STATE AND LOCAL TAX DEDUCTION.

YET, IT IS THIS MAJORITY THAT IS NOW SUBSIDIZING A HANDFUL OF HIGH-TAX STATES.

MY FRIENDS, SOME STATE GOVERNMENTS OUTSIDE OKLAHOMA HAVE NOT YET LEARNED TO SAY "NO" TO SPECIAL INTEREST GROUPS AND HIGHER TAXES.

I JUST DON'T BELIEVE THE GOOD PEOPLE OF OKLAHOMA OR OTHER LOW-TAX STATES, LIKE TEXAS, MONTANA OR NEW HAMPSHIRE SHOULD BE FORCED TO PAY FOR THEIR LACK OF RESOLVE. DO YOU?

EVERY STATE HAS THE RIGHT TO MANAGE ITS OWN AFFAIRS. BUT THEY DO NOT HAVE THE RIGHT TO MAKE ALL OF YOU CARRY THE BURDEN OF THEIR DECISIONS. THEY DO NOT HAVE THE RIGHT TO MAKE YOU PAY THE FREIGHT. WE COULD, HOWEVER, SUGGEST ANOTHER OPTION TO THEM RESTRAIN SPENDING AND GO FOR GROWTH BY ENACTING TAX CUTS OF YOUR OWN.

AS WE ELIMINATE SOME DEDUCTIONS FOR A FAVORED FEW WE'RE GOING TO KEEP OTHERS IMPORTANT TO ALL. THE HOME MORTGAGE INTEREST DEDUCTION, FOR EXAMPLE, REFLECTS AMERICA's HISTORIC COMMITMENT TO THE VALUE OF HOME-OWNERSHIP. FOR PRINCIPAL HOMES, IT's A DEDUCTION WE INTEND TO KEEP.

YOU'LL ALSO BE ABLE TO DEDUCT UP TO $5,000 IN OTHER INTEREST PAYMENTS, WHICH COULD BE USED FOR ~~INCLUDE~~ A SECOND RESIDENCE. THOSE MILITARY ALLOWANCES AND VETERANS' DISABILITY PAYMENTS THAT ARE EXEMPT FROM FEDERAL TAX WILL REMAIN SO. AMERICA's VETERANS HAVE PAID THEIR DUES ALREADY.

I THINK YOU CAN BEGIN TO SEE HOW MUCH EASIER OUR NEW TAX PLAN WILL MAKE IT FOR FAMILIES, HERE IN OKLAHOMA CITY AND ACROSS THE COUNTRY TO MAKE ENDS MEET. CONSIDER AN OKLAHOMA FAMILY OF FOUR STRUGGLING NEAR THE POVERTY LEVEL WITH AN INCOME OF $12,000. BY RAISING THE LEVEL AT WHICH PEOPLE BEGIN TO PAY TAXES AND BY DOUBLING THE PERSONAL EXEMPTION AND INCREASING THE STANDARD DEDUCTION OUR PLAN WOULD ENSURE THAT THE FAMILY WOULD PAY NO INCOME TAX AT ALL -- <u>NONE</u>.

OR CONSIDER A FAMILY OF SIX, IN WHICH THE WAGE-EARNER WORKS RIGHT HERE AT YOUR A.T.&T. PLANT. HE EARNS AN INCOME OF $26,000 A YEAR. BY TAKING ADVANTAGE OF OUR PROPOSAL, INCLUDING THE NEW I.R.A. PROVISIONS, THAT OKLAHOMA CITY WORKING FAMILY COULD REDUCE ITS TAXABLE INCOME TO ONLY $6,000. THEY WOULD PAY 15 PERCENT OF THE $6,000, JUST $900, FOR AN EFFECTIVE TAX RATE ON THEIR TOTAL INCOME OF LESS THAN 3-1/2 PERCENT. THAT'S RIGHT -- AN EFFECTIVE TAX RATE OF LESS THAN 3-1/2 PERCENT.

ALL THE WAY UP AND DOWN THE INCOME SCALE, AMERICAN FAMILIES WOULD HAVE MORE RESOURCES TO DEVOTE TO YOUR CHILDREN, TO PAY FOR YOUR HOMES, TO PUT AWAY FOR RETIREMENT, AND PERHAPS, HERE IN OKLAHOMA, TO BUY A BOAT TO USE ON GRAND LAKE OR LAKE [U-FALL-A].

WHAT WE'RE TALKING ABOUT IS REVOLUTIONARY CHANGE -- A PLAN THAT IS PRO-GROWTH, PRO-FAIRNESS, PRO-FAMILY, AND PRO-FUTURE. THIS IS YOUR PLAN AND YOU CAN MAKE IT HAPPEN THIS YR IF YOU'LL JUST TELL THOSE IN WASHINGTON TO GET ABOARD. AND IF THEY REFUSE, PLEASE TELL THEM SOMETHING ELSE; TELL THEM TO STAND ASIDE AND GET OUT OF THE WAY.

YOU KNOW, SOMETIMES THESE DAYS YOU HEAR PEOPLE SAY THERE ARE NO MORE HEROES. WELL, THEY JUST HAVEN'T LOOKED IN THEIR OWN NEIGHBORHOODS.

WE SEE HEROES EVERY DAY. THEY'RE THE ONES GETTING UP EVERY MORNING TO GET THE KIDS OFF TO SCHOOL; THE ONES WHO GO TO WORK 5 DAYS A WEEK -- MANY RIGHT HERE AT THE OKLAHOMA CITY WORKS. THEY SUPPORT OUR CHURCHES AND SCHOOLS.

ON WEEKENDS, THEY SPEND EXTRA TIME WITH THEIR CHILDREN, TEACHING THEM THE ENDURING VALUES OF WORK, FAITH, FREEDOM, AND LOVE.

FOR TOO LONG, OUR TAX CODE HAS DISCOURAGED US, NOT HELPED US. IT HAS UNDERMINED WORK AND CUT INTO SAVINGS. ITS UNFAIRNESS HAS MADE OUR PEOPLE SICK AT HEART. THE TIME HAS COME FOR A SECOND AMERICAN REVOLUTION -- A REVOLUTION IN THE NAME OF OUR FAMILIES AND OF YOU, THE TRUE AMERICAN HEROES.

WE CAN DO IT. AND WITH YOUR HELP, WE WILL DO IT THIS YEAR.

I'VE BEEN HONORED TO JOIN YOU AND YOUR FAMILIES IN OKLAHOMA CITY AS YOU CELEBRATE THE 25TH ANNIVERSARY -- YOUR SILVER ANNIVERSARY -- OF THE DEDICATION OF THE A.T.&T. OKLAHOMA CITY WORKS. YOU'VE MADE ME FEEL TRULY WELCOME, AND I'LL ALWAYS BE GRATEFUL.

I HAVE TO LEAVE NOW TO TOUR YOUR PLANT, BUT BEFORE I DO, THERE's JUST ONE MORE THING I WANT TO SAY. AMERICA, LET's GO FOR IT.

THANK YOU, GOD BLESS YOU, AND GOD BLESS OKLAHOMA.

# # #

The President has seen_____

(Robinson/BE) 257556SC
May 31, 1985
7:00 p.m.

PRESIDENTIAL REMARKS: AT&T TECHNOLOGIES PLANT
OKLAHOMA CITY, OKLAHOMA
WEDNESDAY, JUNE 5, 1985

RR

Thank you. Thank you all.

Folks, you've made me so at home, I've begun to feel like a genuine Sooner [~~slang for Oklahoman~~]. Come to think of it, the Sooner the better.

I've just had a tour of your plant, and I can tell you I was mighty impressed. I'm told that the telecommunications digital switching machine you assemble here can handle tens of thousands of phone lines. I don't know how you do it, but I ~~do~~ know ~~that~~ it sort of makes my job look easy.

I'd like to speak to you today about our proposal to leave more earnings in the hands of you, the people, by making our tax code more simple, fair, and efficient -- the most sweeping change in our tax laws in more than seven decades. I seem to remember saying in my television speech that the power of these new incentives would send one, simple, straightforward message to an entire Nation: America, go for it.

Well, within minutes of that speech, the telegrams began coming in. From North Bergen, New Jersey; Jacksonville, Florida; and from Lake Oswego, Oregon; the voice of America came through loud and clear. Yes, let's go for it.

Well, I'm ready to do all I can, but I need help. Can I count on you?

We call our proposal America's Tax Plan -- because it will bring fairness to taxpayers and prosperity to our Nation.

On the business side, the present tax code has a top corporate tax rate of 46 percent. That's too high, but it also provides loopholes big enough for a factory to slide through. You know, in recent years, some of our biggest corporations paid no taxes whatsoever, while everyday working people have been taxed up to their eyeballs. Well, I have a feeling you agree with me -- enough is enough, those days are over. From now on, all will pay their fair share.

Our tax plan would ensure that all corporations that earn sufficient income pay a minimum tax. We would also clear the way for more jobs and new products and technologies by reducing the corporate tax rate from 46 to 33 percent.

We would cut the maximum tax on capital gains from 20 to 17-1/2 percent, because when we cut capital gains in 1978 and in 1981, venture capital increased 100-fold, and jobs increased by hundreds of thousands.

Good as that is, it still isn't good enough. Just like your company shot ahead of the pack, we won't be satisfied until the United States of America can out-produce, out-compete, and out-sell anybody, anywhere in the world.

Now, I'm delighted to see so many families here today, because when it comes to the income tax you pay, our plan represents the most important pro-family proposal in postwar history. To begin with, we would replace the present system of 14 different brackets with a simple 3-bracket system that will allow you to keep more of each additional dollar you earn. Right now, individual tax rates go all the way up to 50 percent. And you know what that means when you work overtime, right? It's like Uncle Sam holding up a giant stop sign -- putting the brakes on initiative and progress.

Well, under America's Tax Plan, the three new rates would be 15, 25, and 35 percent -- period. It will give you the freedom to get ahead, move up, and succeed. If you work overtime or get a raise, if you're promoted to a better job, if you're able to save some money and invest it -- then fewer of those dollars will go to line Uncle Sam's pockets and more will end up in your wallets -- where they belong.

Sixty-nine percent of all taxpayers will pay the lowest rate of 15 percent; 28 percent will pay the middle rate, 25 percent; and only 3 percent of American taxpayers will pay the 35 percent top rate.

That sounds pretty good to me. Does it sound good to you too?

But there's more -- more help on the way for families here in Oklahoma City and throughout America.

To give your families the tax relief they deserve, we intend to raise the standard deduction for joint returns to $4,000. We would nearly double the personal exemption for every taxpayer and dependent to $2,000. And we would do this right away, on January 1, 1986. Now, just in case you couldn't hear me all the way in the back, I'll say it again. We intend to nearly double your personal exemption, all the way up to $2,000, effective next year. And that $2,000 would be indexed to protect against inflation.

We want to help your families save by expanding the limits for Individual Retirement Accounts -- I.R.A.'s. Our present tax system limits I.R.A.'s to $2,250 when one spouse works in the home. The wage-earning spouse may save $2,000, but the homemaker is only allowed to put away $250.

Does this make any sense to you? Don't you think homemakers should have the same rights to I.R.A.'s as wage earners? After all, our homemakers produce goods and services that, even in strictly economic terms, are invaluable. And by nurturing our children, caring for our ill, and looking after our elderly, homemakers give America its strength and heart.

Under our proposal, husbands and wives will have precisely the same access to I.R.A. accounts. And we'll put this change into effect by raising the I.R.A. per household limit from $2,250 a year all the way up to $4,000 for all households.

As we put more resources into your hands, we intend to close the loopholes that benefit the few at the expense of everyone else. It's ~~Isn't it~~ about time that we do away with tax breaks for "windmills" and so-called "educational" cruises on ocean liners, and tax dodges like "Cayman Island Trusts"? It's ~~Isn't it~~ about time we pulled our money out of foreign tax havens and put it back into investments for you and the future of America?

Deductions for State and local taxes will also be dropped. Two-thirds of Americans don't even itemize so ~~and~~ receive no benefit from the State and local tax deduction. Yet, it is this majority that is now subsidizing a handful of high-tax states.

My friends, some State governments outside Oklahoma have not yet learned to say "no" to special interest groups and higher taxes. I just don't believe the good people of Oklahoma or other low-tax States, like Texas, Montana, or Connecticut, should be forced to pay for their lack of resolve. Do you?

Every State has the right to manage its own affairs. But they do not have the right to make all of you carry the burden of their decisions. They do not have the right to make you pay the freight. We could, however, suggest another option to them: restrain spending and go for growth by enacting tax cuts of your own.

My friends, who knows? Maybe when our proposal is passed, some of those high-tax States will finally decide to enact tax cuts of their own.

But as we eliminate the bad deductions, we're going to keep the good. The home mortgage interest deduction, for example, reflects America's historic commitment to the value of home-ownership. For principal homes, it's a deduction we intend to keep. You'll also be able to deduct at least $5,000 of other interest expenses, which could include a second residence. Those military allowances and veterans' disability payments that are exempt from Federal tax will remain so. America's veterans have paid their dues already.

I think you can begin to see how much easier our new tax plan will make it for families, here in Oklahoma City and across the country, to make ends meet. Consider an Oklahoma family of four struggling near the poverty level with an income of $12,000.

By raising the level at which people begin to pay taxes and by doubling the personal exemption, and increasing the standard deduction, our plan would ensure that the family would pay no income tax at all -- none.

Or consider a family of six, in which the wage-earner works right here at your AT&T plant. He earns an income of $26,000 a year. By taking advantage of our proposal, including the new I.R.A. provisions, that Oklahoma City working family could reduce its taxable income to only $6,000. They would pay 15 percent of the $6,000, just $900, for an effective tax rate on their total income of less than 3-1/2 percent. That's right -- an effective tax rate of less than 3-1/2 percent.

All the way up and down the income scale, American families would have more resources to devote to your children; to pay for your homes; to put away for retirement, and perhaps, here in Oklahoma, to buy a boat to use on Grand Lake or Lake Thunderbird.

What we're talking about is revolutionary change -- a plan that is pro-growth, pro-fairness, pro-family, and pro-future. It is a plan for you.

You know, sometimes these days you hear people say there are no more heroes. Well, they just haven't looked in their own neighborhoods.

We see heroes every day. They're the ones getting up every morning to get the kids off to school; the ones who go to work 5 days a week -- many right here at the Oklahoma City Works. They support our churches and schools. On weekends, they spend extra time with their children, teaching them the enduring values of work, faith, freedom, and love.

For too long, our tax code has discouraged us, not helped us. It has undermined work and cut into savings. Its unfairness has made our people sick at heart. The time has come for a Second American Revolution -- a revolution in the name of our families and of you, the true American heroes.

We can do it. And with your help, we will do it this year.

I've been honored to join you and your families in Oklahoma City as you celebrate the 25th anniversary -- your silver anniversary -- of the dedication of the AT&T Oklahoma City Works. You've made me feel truly welcome, and I'll always be grateful. In a moment I'll have to leave to return to Air Force One, but before I do, there's just one more thing I want to say: America, let's go for it.

Thank you, God bless you, and God bless Oklahoma.

The President has seen

(Gilder/BE)
June 6, 1985
6:30 p.m. Received S S

1985 JUN -6 PM 7:05

PRESIDENTIAL REMARKS: DROPBY BRIEFING FOR ECONOMIC EDITORS ON TAX PLAN
FRIDAY, JUNE 7, 1985

Thank you all very much. I know Secretary Baker has already briefed you, and Don Regan will be talking to you after I finish. These CEO's always want to have the last word. But I'm going to speak for a few minutes, then take some questions, time permitting.

People all across the country are embracing our tax plan, America's Tax Plan, because they rightly see it as fairer and simpler -- something they've been waiting for a long, long time. All the indications are favorable -- polls show a ground swell of popular support, and a rising stock market and dropping interest rates suggest that the financial markets are very comfortable with America's Tax Plan.

Our tax overhaul will begin with major tax relief for families, who have seen their personal exemptions whittled away by inflation, and who have shouldered a huge increase in the tax load.

Our family relief plan would raise the standard deduction, practically double the personal exemption, lower marginal income tax rates significantly, and give homemakers equal access to tax deductible I.R.A.'s. We're also expanding the Earned Income Tax Credit for low-income wage earners, and indexing it to inflation. The result will be that families will have an easier time making ends meet, and those at the bottom end of the ladder will be virtually exempt from taxation.

Opportunity is key to the promise of the American Dream, but high tax rates have transformed that difficult but rewarding climb up the ladder of success into a bitter and exhausting enslavement on the tax treadmill. Well, that's all going to change. The tax system must no longer be poverty's accomplice. An American Opportunity Society begins with an expanding, healthy economy, and that's where our pro-growth initiatives come in.

First, we're cutting marginal income tax rates by an average of 19 percent. There is no surer way of getting more economic growth. We saw it happen in Germany after World War II, when Ludwig Erhard's tax cuts helped revitalize their economy; in Japan, when 20 years of continuous tax cutting catapulted that nation into the front ranks of the world's economic leaders. And here at home, we've had three dramatic examples of lower marginal rates liberating growth: Andrew Mellon's tax cuts in the twenties; John Kennedy's in the sixties; and our almost 25-percent, across-the-board tax cut helped lift the American economy out of malaise and ~~give us~~ INTO surging economic growth.

America's Tax Plan will give us just about the lowest tax rates of any country in the industrialized world -- and that, along with our vibrant economy, will make us the investment capital of the world.

Some, I know, are concerned about the elimination of the Investment Tax Credit and the restructured depreciation system. But we feel our plan would stimulate new economic growth, and, in one important way, our proposed depreciation system would be superior to A.C.R.S. It would be indexed to inflation, so businesses wouldn't have to worry about fluctuations in their effective tax rates and a decline in the real value of their write-offs. It would also reduce the distortions in economic efficiency caused by the Investment Tax Credit and other provisions so that the market, not the Government, would determine the flow of capital.

As part of our growth agenda, we're also cutting the capital gains tax. The two previous capital gains cuts in 1978 and 1981 probably saved the life of the American economy. Excessively high capital gains had almost strangled the technological revolution at its birth. Venture capital -- the high-powered money to finance the riskiest and most daring projects -- had all but dried up, to a mere $39 million in commitments in 1977.

But after cutting capital gains, venture capital shot to all-time highs, increasing over 100-fold to $4.2 billion in 1984 alone. We're pulling ahead of the competition, and cutting capital gains again will make sure we stay there.

We're closing the door on unjustifiable tax shelters so that we can open the door for innovation, opportunity, and growth. It's time that we pulled our investment money out of tax shelters and reinvested it in America's future.

We've also pared down deductions for business entertainment expenses. It just doesn't seem right for a wage earner carrying his tuna fish sandwich to work to subsidize exorbitant business lunches at luxury restaurants. We'd still allow for legitimate expenses, but to those who complain they can't live quite so high off the corporate account, we can only ask: why not brown bag it once in a while; why not find smarter ways to put our money to work than investing so heavily in executive lunches.

We are keeping the provision for write-offs of intangible drilling costs. Today, we import more than a fourth of our oil from abroad; and the money we spent on those imports last year represented half our total trade deficit. Scuttling the I.D.C. deductions would slow oil exploration in this country and reduce our output by as much as half a million barrels a day. I don't believe we want to increase our energy dependency on foreign imports, or give the ailing OPEC cartel a shot in the arm. We must ensure reliable, secure energy sources here at home.

Also key to a fairer, simpler tax code is elimination of the deduction for State and local taxes. The current deduction benefits wealthy citizens at the expense of those less fortunate. The great majority 2/3 OR MORE of low- and middle-income taxpayers, even in the high-tax States, do not itemize, and get no benefit from the State and local tax deduction.

Perhaps if the high tax States didn't have this Federal crutch to prop up their big spending, they might have to cut taxes to stay competitive. Some of the elected representatives from the high-tax States don't seem to like that idea much, but maybe they should take a poll of their constituents to see if their people think a tax cut is such a bad idea.

We should get out of the habit of thinking of our economy as static and frozen in place. Our tax proposal is a dynamic model for the future. Any change of such scope and magnitude is going to require some adjustments. For the great majority of

Americans, it will be a very pleasant adjustment to lower rates and new and more plentiful opportunities -- a growing, expanding, super-energized economy, an economy of hope and opportunity that just won't quit. Why should we settle for less? Well, now, I'd be glad to take some of your questions.