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**Summary of Major Provisions of the Economic Policies of McCain and Obama**

*The economic, regulatory and domestic platforms of Presidential candidates McCain and Obama provide stark contrasts, with root differences on tax policy and the overall role of government and markets in achieving economic and social goals. These summary points were sourced from the candidates' officially published platforms and select public statements. This summary is subject to change as specifics of the candidates' platforms evolve.*

	MCCAIN	OBAMA
<b>A. Tax Policy</b>		
1. Individual	<p>Make permanent the tax cuts of 2001 &amp; 2003 (presently, there are 6 tax brackets, with 35% the highest rate).</p> <p>Increase dependent exemption from \$3,500 to \$7,000</p> <p>No change to taxes on dividends and capital gains. In 2003, taxes on capital gains were reduced to 15% from 20% and taxes on dividends were reduced to 15% from personal tax rates.</p>	<p>Cut taxes for middle and lower income families and completely eliminate income taxes for an additional 10 million Americans, and raise taxes on higher income households</p> <p>Make permanent child tax credits and tax cuts for lower and middle income households. Raise taxes on those with incomes over \$250,000; raise the highest rate to pre-2001 levels (39.1% in 2001 and 39.6% in 1993-2000)</p> <p>Cut taxes for low income households</p> <ul style="list-style-type: none"> <li>- refundable "Making Work Pay" credit on 6.2% of low income earnings</li> <li>- eliminate income tax for seniors with incomes below \$50,000</li> <li>- refundable mortgage credit for non-itemizers</li> <li>- expand refundable Earned Income Tax Credit for low income workers</li> <li>- mandate automatic 401(k)s</li> <li>- increase HOPE credit</li> <li>- Refundable \$4000 tax credit for college education</li> </ul> <p>Increase taxes on capital gains to between 20%-28% (from 15%) and raise taxes on dividends (to unspecified rate)</p>

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	MCCAIN	OBAMA
	<p>No change in social security taxes. Presently, FICA contributions for OASI and DI are 6.2% on wages up to taxable maximum of \$102,000, applied to both employees and employers, and for H1, (Medicare), 1.45% on all wages (no taxable maximum)</p> <p>Maintain deductibility of state and local income tax</p>	<p>Raise social security taxes for higher income earners: raise the taxable maximum for OASI and DI for workers who make more than \$250,000</p> <p>Eliminate deductibility of state and local income taxes</p>
2. Estate	Make permanent, with \$10 million exemption and 15% rate	Make permanent, with \$3.5 million exemption and 45% rate
3. AMT	Extend and index 2007 AMT patch and increase exemption 5% in excess of inflation after 2013; move toward elimination of AMT	Extend and index 2007 AMT patch; no mention of reform
4. Healthcare	Eliminate deductibility of employer-sponsored insurance and replace with refundable credit of \$2500 for individuals and \$5000 for families	Income-related subsidies for health insurance (see Healthcare Policy)
5. Internet & Cell Phones	Bar taxes on internet and cell phones	
6. Simplification	Create optional alternative tax with two rate brackets and larger standard deduction and exemption	Simplify tax filing with option of pre-filled tax forms to verify and sign
7. Corporate	<ul style="list-style-type: none"> <li>- Reduce maximum corporate income tax rate to 25% (from 35%)</li> <li>- Allow expensing of investment in equipment and technology</li> <li>- Convert R&amp;D credit to 10% of wages incurred for R&amp;D; make permanent</li> <li>- Eliminate oil and gas loopholes</li> <li>- Unspecified corporate base broadeners</li> <li>- Tax sole proprietors and partnerships under individual income tax</li> <li>- Opposes windfall profits tax for oil companies</li> </ul>	<p>No change in corporate tax rate</p> <ul style="list-style-type: none"> <li>- Provide tax credit to companies that maintain or increase US-based jobs relative to those overseas</li> <li>- Make permanent R&amp;D credit and provide renewable energy production tax credit</li> <li>- Eliminate oil and gas loopholes</li> <li>- Modify multinational tax deductions</li> <li>- Close corporate loopholes</li> <li>- Favors windfall profits tax for oil companies</li> </ul>

	<b>MCCAIN</b>	<b>OBAMA</b>
<b>B. Trade Policy</b>	Favors free trade and advocates lower barriers to trade through multi-lateral, regional and bilateral negotiations	Favors “fair trade” (not free trade) requiring that international trade agreements must support labor, human rights and environmental standards <ul style="list-style-type: none"> <li>- Critical of NAFTA and would work with leaders of Mexico and Canada to renegotiate</li> <li>- Expand Trade Adjustment Assistance for domestic workers adversely affected by international competition, with extension to service industries</li> <li>- Build on efforts to get China declared as currency manipulator</li> </ul>
<b>C. Energy Policy</b>	<ul style="list-style-type: none"> <li>- Advocates expansion of domestic oil and natural gas exploration</li> <li>- Construction of 45 nuclear power plants by 2030</li> <li>- Commit \$2 billion annually on advancing clean coal technologies and encourage alternative energy from low carbon fuels</li> <li>- Supports new funding for transportation innovations, including tax credit for flex-fuel vehicles; “clean car challenge”; aggressive mileage requirements for auto manufacturers</li> </ul>	<ul style="list-style-type: none"> <li>- Against expanded exploration/drilling in Alaska or offshore, but recently suggests he may compromise on this</li> <li>- Against nuclear power plant development</li> <li>- Invest \$150 billion over 10 years to develop and deploy climate-friendly energy supplies and protect existing manufacturing base</li> <li>- Implement economy-wide cap and trade program to reduce greenhouse gas emissions</li> <li>- Require utilities to generate 25% of electricity from renewable resources by 2025</li> <li>- Make US global leader in effort to combat climate change by leading a new international global warming partnership</li> <li>- Subsidize cities and reallocate federal grants to encourage “energy efficient” urban developments</li> <li>- Provide tax credits to employers that subsidize employees’ use of mass transit</li> </ul>

	<b>MCCAIN</b>	<b>OBAMA</b>
<b>D. Healthcare Policy</b>	<ul style="list-style-type: none"> <li>- Provide \$5,000 to every family for health insurance through a refundable tax credit; households would choose best insurance plan for them</li> <li>- Eliminate deductibility of employer subsidy of employee health insurance</li> <li>- Employers offering of health insurance for employees would remain voluntary</li> <li>- Increase portability of insurance</li> <li>- Reform payment systems in Medicare &amp; Medicaid to compensate for diagnosis, prevention and care coordination</li> <li>- Create state-level Guaranteed Access Plan to subsidize insurance for low income households</li> <li>- Favors tort reform</li> </ul>	<ul style="list-style-type: none"> <li>- Universal health care with affordable health coverage and benefits similar to those available to Members of Congress</li> <li>- Mandatory health insurance for children</li> <li>- Requires all companies to offer health insurance plan or contribute to costs of employee health insurance</li> <li>- Creation of National Health Insurance Exchange for people without access to employer insurance or public programs</li> <li>- Stricter regulation of insurance companies to control costs</li> <li>- Lower prescription drug costs by allowing the government to negotiate with pharmaceutical companies and by allowing Americans to purchase drugs from other developed countries</li> </ul>
<b>E. Fiscal and Budget Policy</b>	<ul style="list-style-type: none"> <li>- One year freeze on non-defense non-veterans discretionary spending</li> <li>- Comprehensive review of all spending programs</li> <li>- Promote bi-partisan fiscal discipline like 1997 Balanced Budget Agreement (“PAYGO”)</li> <li>- Stop “earmarks”, wasteful spending</li> <li>- Balanced budget by 2013</li> <li>- Proposed tax and spending budget projections not available</li> </ul>	<ul style="list-style-type: none"> <li>- Favors second fiscal stimulus package of \$50 billion which includes: foreclosure prevention fund, aid to state and local governments, expanded unemployment insurance and a second round of rebate checks</li> <li>- Wants to reinstate PAYGO rules</li> <li>- Proposed tax and spending budget projections not available</li> </ul>
<b>F. Social Security and Retirement</b>	<ul style="list-style-type: none"> <li>- Seeking bi-partisan consensus to reduce long-run financial shortfall; “prefers” benefit cuts over tax increases</li> <li>- Supports supplementing Social Security with individual investment accounts, but does not favor directing Social Security funds into these accounts</li> </ul>	<ul style="list-style-type: none"> <li>- Raise FICA taxes on higher income taxpayers by raising taxable limits, while not changing the benefit structure (decoupling)</li> <li>- Automatic Workplace Pension Plan requiring businesses not offering retirement plan to enroll employees in IRA direct-deposit account</li> <li>- Provide government savings match (50% of first \$1000 of savings) into designated personal accounts of families that earn less than \$75,000</li> </ul>

	<b>MCCAIN</b>	<b>OBAMA</b>
<b>G. Labor Policy</b>	<ul style="list-style-type: none"> <li>- No policy on minimum wage</li> <li>- Overhaul unemployment insurance to make it a program for retraining, relocating and assisting workers who have lost jobs</li> <li>- Opposes costly mandates and “play or pay” requirements, particularly for small businesses</li> </ul>	<ul style="list-style-type: none"> <li>- Raise the minimum wage and index to inflation</li> <li>- Ensure freedom to unionize and protection of striking workers</li> <li>- Increase collective bargaining rights</li> <li>- End tax breaks for companies that send jobs overseas</li> <li>- Create flexible education accounts to fund worker retraining</li> <li>- Focus on raising real wages of workers</li> </ul>
<b>H. Work/Family Policy</b>		<ul style="list-style-type: none"> <li>- Expand Family and Medical Leave Act, including coverage of businesses with 25 or more workers</li> <li>- Expand and make refundable child and dependent care tax credit</li> <li>- Provide federal grant to states to encourage adoption of paid leave programs</li> </ul>
<b>I. Home Ownership</b>	Favored the recently passed Housing and Economic Recovery Act of 2008	Favored the recently passed Housing and Economic Recovery Act of 2008
<b>J. Credit Policy</b>	Supports credit policy thrusts outlined in Treasury’s Blueprint for Financial Regulatory Reform	Protect credit card consumers by: creating a new credit care rating system; establishing a credit card bill of rights; capping interest rate and fee charges on credit cards; and exempting bankruptcy laws for people who file for bankruptcy due to medical expenses

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