

For Immediate Release

M*E*M*O*R*A*N*D*U*M

Date: 27 July 2010

Subj: Issue of the Week Number 15 "It's the Economy, Stupid"

From: Ted Ankrum for Congress 2010

To: Media Outlets, open use

It's the Economy, Stupid : by Ted Ankrum

True words, if there ever were any. Let's ignore the economists and apply a little Main street common sense. We are now in the largest recession since the Great Depression, because of a lack of jobs. It was deficit spending for WW II that got us out of the depression. Why isn't it working now, because God knows we are doing enough deficit spending! In WW II, when a tank was destroyed in Europe, or a ship sunk in the Pacific; the steel to replace them was made in the USA and the labor to manufacture the replacements was here in the USA. The dollars stayed home and circulated in the USA making jobs for everyone.

We've been fighting two wars in Iraq and Afghanistan with deficit spending, but a lot of that money hasn't stayed at home. A government inspector general has just reported that hundreds of millions of dollars are being wasted in Afghanistan because the US is building facilities that are too complex for the Afghans to operate and if they are to be of any use, we taxpayers will have to pay contractors more hundreds of millions of dollars to operate them. The same thing happened in Iraq. We have a new way of making war, and it's by contractors. Jobs that were once done by GI's, whose paychecks go back to the USA are now being done by "support services contractors"; and many, if not most, of these are foreigners who spend our tax dollars somewhere other than back in the USA. In WW II, our deficit spending recycled our tax dollars in the USA, making jobs for Americans, who paid US taxes. Today, our tax dollars go to corrupt politicians and contractors in foreign countries and we never see the growth of jobs in the USA.

How about big business? Will jobs appear there soon? Not likely. There is tremendous overcapacity in USA manufacturing, today. Why would a company invest in capacity expansion until that excess is taken up? And jobs are not increasing, either, because the future is so uncertain that most large companies are meeting any increase in demand by overtime, rather than hiring. My Republican opponent says that, at 35%, the US has the highest corporate income tax rate in the developed world and we should cut it to get manufacturing going again. That's a lie. There aren't any large companies that actually pay at the 35% rate. They have used lobbyists to buy so many

tax breaks with congressional campaign contributions that some companies, such as the oil and gas industry, have actual tax rates less than my son, who sacks groceries at HEB. I'd say lets make a flat tax for corporations, and we'd rake in the money even if the rate was far below the current 35%. You won't see that happen because Congress couldn't dole out tax breaks in return for campaign contributions.

Small business is a great engine for job growth. But, the July 22, 2010 edition of the Wall Street Journal had a feature article on small businesses that can't expand because they can't get a bank loan. The banks are requiring cash collateral before they will make a loan. There's a Catch 22: you can't borrow money unless you already have money; but if you had the money, you wouldn't need to borrow it. The big banks are making too much money trading esoteric financial instruments back and forth with each other to be bothered with loans to small businesses. My Republican opponent just helped kill legislation that would have expanded government loan guarantees to small businesses. Actually, I think a better way to fix this is to tax these fancy transactions banks do with each other and with hedge funds, rather than making loans to businesses. Perhaps they'd get back to what they were supposed to be doing. I don't think a derivative ever created a job. But my opponent would oppose that too. As Democratic Senator Bob Casey of Pennsylvania said "I wish they had that same worry and outrage about the deficit when they were giving hundreds of billions of dollars of tax breaks to very wealthy Americans." And I might add, deficit spending of trillions of dollars on two wars and a prescription drug benefit. That drug benefit and the Health Care law are now fully paid for over the next 10 years.

Herbert Hoover turned the stock market crash and recession of 1929 into the Great Depression with a legislative program of reducing the deficit. Sure, we need to reduce the deficit, but not with 10% unemployment. The fix is to look back at WW II and what worked then. It was putting Americans to work with deficit spending. With 5 people looking for every 1 vacant job, the charge the Republicans are making that unemployment payments are just making people reluctant to look for jobs is insulting. We need to get more money in circulation for people to spend, so that companies see an increase in demand. We need a public works spending program. There are lots of roads and bridges and water systems and sewer systems that need fixing. This would employ Americans in the USA and do a little nation-building where it would be appreciated, rather than in Iraq and Afghanistan. My Republican opponent says that a better way is to give more tax cuts to the rich. That didn't work the last time, so why should we ignore what has worked for what hasn't? In 2000, private sector job growth was 2% per year. After huge tax cuts for the rich, private sector job growth declined in a straight line to 0% in 2008, and went negative after that. Now that the Bush years are gone, job growth is going back up, but not nearly fast enough.

Why do things that have proven that they do not work, when we know what has worked? It's the economy, stupid.