

Risk and Return: People and businesses make economic decisions every day. To spend or not to spend; to borrow or not to borrow; to lend or not to lend; to invest or not to invest. In making these, and arguably almost any decision, we weigh whether the benefits and return from taking that action outweigh the costs and risks. If you believe that your potential return on an investment is greater than the risks, then you are likely to do it. If you think the benefit of buying something is equal to or greater than the cost, then you will spend that money.

On a macro-economic scale, there are a lot of risks out there right now. There is a lot of talk about potential disinflation or deflation, but yet the mounting debt augurs for monetization and rampant inflation in the future. We may have a “double dip” recession, or perhaps not. Gold may stay at its record highs and interest rates at their record lows, or it could all reverse. In the words of Federal Reserve Chairman Ben Bernanke, the current economy is “unusually uncertain”.

Uncertainty increases the perception of risk and analysis of costs when making those economic decisions. So, the uncertainty causes people and businesses to be reluctant to spend, invest, lend, or borrow when they do their risk/return analysis.

Enter the federal government. What the government should be doing, is trying to reduce cost and risk and increase returns as best it can to encourage more economic activity. But instead, almost every action of this Congress and the Obama administration has been to increase risk and uncertainty, thereby causing more people and businesses to pull back or stand still, thereby depressing the economy and costing millions of jobs. No one in America knows for sure what their income tax rates will be starting in just over 4 months, but they fear that they will be up, and perhaps up substantially. If you are planning for your estate or a family member's estate, your death taxes could be as high as 55% for everything over \$1 million, but you don't know. You and your employer will almost certainly be paying more for health care next year and the year after, but you really don't know how much, or when, or what other parts of that 2,200 page bill will affect you. From cap and trade to the gulf drilling moratorium, the country's energy policy is more uncertain than ever except that everything points to energy costs being higher in the future. If you are a bank, the financial regulatory reform bill will require 10 times more regulations to be written than did the Sarbanes Oxley bill and you have no idea what they will be or what you are currently doing which may be called into question.

And I haven't even talked about the huge federal debt and how that might impact interest rates and the value of the dollar going forward. No wonder businesses are reluctant to take risks,

expand, or hire people. It's no wonder that individuals are husbanding cash; they may need it to pay every higher tax and energy and health care cost coming down the pipeline. The Obama/Pelosi/Reid cabal is bringing on a double dip recession and causing job losses by doing precisely the opposite of what they should be doing. They are adding uncertainty, risk, and cost to virtually everything making those things more likely to outweigh the return and benefits. People will not risk money if they think that it is harder to make money because of regulatory costs and requirements and, even if they do turn a profit, they will keep less than half after taxes. It just makes more sense to hold on to what you've got. But holding on isn't growth. Instead, we should be enacting policies that reduce risks and increase potential returns in order to unlock the natural creative and entrepreneurial spirit of the American people. Our people and our businesses want to grow and challenge themselves with new ventures, but the current leadership is doing all they can to dampen that spirit.

We are in very uncertain and challenging times. But Washington is making it worse, not better. That needs to change....and quickly.

I remain respectfully,

Congressman John Campbell
Member of Congress