



# Congressman Joe Pitts

Sixteenth Congressional District of Pennsylvania

## Memorandum on Jobs and the Economy

### MEMORANDUM

TO: Citizens of the 16<sup>th</sup> Congressional District of Pennsylvania  
FROM: Congressman Joe Pitts  
DATE: July 16, 2010  
RE: Creating Jobs and Fixing Our Economy

The current economic situation is severely harming American families, American businesses, and America's stature in the world. With unemployment at 9.5 percent, millions of Americans are struggling every day to meet the basic necessities of life. When "under-employment" and unreported unemployment are added, that number nearly doubles. Repairing the situation is the single most important priority facing our nation and our government.

Ideological battles, interest group agendas, and partisanship must take a back seat to actually fixing the problem. The price for failure is too high and we have learned too much from past recessions to allow any excuses for failing to do the right things.

But the reality is, sadly, that Congress and the Obama Administration have indeed failed to do many of the things that would be most effective at ending the economic downturn and putting Americans back to work. In fact, I believe some of what the government has done during the past two years has made the situation worse.

As your Congressman, it is important that I explain to you in detail why I believe this is true. It is even more important that I explain in detail what I believe we should be doing instead. Remarkably, though there is strong bipartisan support for most of these ideas, they have never been voted on. The ideological agendas of senior Congressional leaders stand in the way.

The first half of this memo outlines mistakes and problems. The second half outlines ideas and solutions.

Many of my ideas were first presented in the memo I wrote to you after I voted against the so-called "stimulus" bill on January 28, 2009. I believed then that this exceptionally expensive legislation would be ineffective at turning the economy around, and I was right. On the day it was passed, unemployment was at 7.2 percent. Unemployment has increased more than 25% since then.

The "stimulus" bill focused on massive federal spending in the belief that huge government outlays to federal, state, and local agencies and to federal contractors would seed the economy with new economic activity. Instead, it has massively increased the amount of money we owe to China and other creditors, permanently increased the baseline of federal spending, and done little to encourage the private sector (the real job creators) to hire. The jobs it saved were almost

exclusively those of government employees. The total cost, including interest (we borrowed all of the money), was over \$1 trillion.

At the time, I proposed a plan that would encourage entrepreneurs and businesses to invest and hire by reducing their tax burdens, by reducing the price of energy, by limiting their regulatory burdens to those that make sense, and by opening new markets. Most of these ideas were ignored for an entire year and then suddenly endorsed by President Obama in his January, 2010 State of the Union Address.<sup>1</sup> Congress, however, still has not acted on them in any meaningful way.

## Ulterior Motives.

Even before his inauguration, the President's top advisors made clear that the Obama Administration did not see the recession as a problem that simply needed solving. Instead, they saw it as something that could be leveraged to achieve liberal legislative victories that normally would not be possible.

Shortly after the election, White House Chief of Staff Rahm Emanuel said, "You never want a serious crisis to go to waste. What I mean by that is it's an opportunity to do things that you think you could not do before." In March of 2009, Secretary of State Hillary Clinton quoted Emanuel and said, "I'm actually excited by this opportunity. ... When it comes to the economic crisis, don't waste it."<sup>2</sup>

At the start of 2009, after 12 years of Republican congresses and eight years with George W. Bush in the White House, Democrats were extremely eager for long-denied legislative victories. The *Wall Street Journal* quoted Mr. Emanuel the day the "stimulus" was passed and editorialized: "The 647-page, \$825 billion House legislation is being sold as an economic 'stimulus,' but now that Democrats have finally released the details we understand Rahm's point much better. This is a political wonder that manages to spend money on just about every pent-up Democratic proposal of the last 40 years."<sup>3</sup>

Secretary Clinton was referring to Cap and Trade legislation when she said "don't waste it" during a visit to Brussels two months after the stimulus. Indeed, Democratic leaders spent most of 2009 pushing the hugely expensive Cap and Trade bill. They argued that it would create "green jobs"—despite the fact that it would make hiring harder for almost every employer in America not subsidized by the bill's provisions.

Over the last 18 months, Democratic leaders in Washington have used "job creation" as a talking point for other priorities, rather than focusing on job creation itself. They have used the lure of "job creation" to push for every one of their priorities from Cap and Trade to Obamacare. The actual creation of jobs, of course, has not happened.

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<sup>1</sup> [http://www.house.gov/apps/list/speech/pa16\\_pitts/YearLateJobs.shtml](http://www.house.gov/apps/list/speech/pa16_pitts/YearLateJobs.shtml)

<sup>2</sup> <http://www.youtube.com/watch?v=aUCbVUo-w6k>

<sup>3</sup> <http://online.wsj.com/article/SB123310466514522309.html>. The cost of the bill has since been revised upward.

Even rank and file Democrats in Congress are angry about this. The Washington newspaper *Roll Call* reported that “one liberal House Democrat laughed when asked if he thought of the climate change package as a jobs bill.”<sup>4</sup>

Likewise, Rep. Peter DeFazio, a liberal Democrat from Oregon, blasted the “stimulus” bill, saying, “Those are fantasy jobs. Those aren’t real jobs. They just need to put a cork in it and realize that some things that have been around for a while are still relevant ... like a good transportation network that isn’t falling apart.”

Another, Rep. Raúl Grijalva, a Democrat from Arizona, said, “I think what makes us look bad is that we don’t have anything to take out there and show people.”

There are certainly many Democrats in Washington who believe the stimulus, healthcare, and cap and trade bills were good policy. Seemingly few, however, believe they were truly focused on fixing the economy and creating jobs.

The American people are even angrier than the congressmen I just quoted. A June 8 Pew Research Center poll showed that more Americans (29 percent) think President Obama’s economic policies have made the economy worse than think those policies have helped (23 percent). Many more (38 percent) believe they have had no effect at all.<sup>5</sup>

## Bad Policies.

I believe that even those economic policies that have not been motivated by politics or ideology have suffered from a fundamental misunderstanding of where jobs and prosperity come from. Prosperity does not come from the government. It comes from the genius, entrepreneurship, and hard work of the American people. Yet, this Administration and this Congress clearly believe the key to prosperity is more government ownership, control, and micromanagement of the economy.

**Stealing from the Economy.** Everything the government does costs money. Before the government can spend money it has to take it from someone. That siphons money out of the economy that could otherwise be invested in new factories, new businesses, and new jobs. Even borrowed money steals from job-creators as government debt securities compete with Wall Street for investor dollars. Big government is bad for the economy.

**Micromanaging the Economy.** Current government policy treats the American people like children, refusing to let business owners and entrepreneurs run their businesses without excessively close supervision. The housing bubble and other scandals certainly show us that regulation is necessary to prevent greed and corruption from running amok, but current policies go far beyond what is necessary. This is bad for the economy.

**Unstable Policies.** Top Democratic leaders don’t seem to understand the effect that their rhetoric and policies have on existing businesses. Increased or even merely inconsistent tax rates

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<sup>4</sup> “Democrats: Jobs Get Short Shrift—Members Say Obama Hasn’t Done Enough to Put Issue Atop the Priority List.” *Roll Call*, May 10, 2010. DeFazio and Grijalva quotes appear in this article as well.

<sup>5</sup> <http://pewresearch.org/pubs/1618/more-doubts-obama-economic-policies-financial-reforms-mixed-views>

make it impossible for businesses to plan for the future. Similarly, uncertainty about future regulation makes it impossible for businesses to plan. Obamacare and Cap and Trade constitute two of the biggest disruptions to taxation and regulation in American history. Not being able to plan means not investing and not hiring. Millions of American businesses that might otherwise have expanded and hired spent all of 2009 in “wait and see” mode. Clearly, 2009 was the worst year imaginable to put employers in that position.

**Politicizing the Economy.** Leaders like President Obama and Speaker Pelosi continue to inject class conflict into their policies and rhetoric, ignoring the fact that every American—regardless of wealth—plays a key role in building prosperity. To grow the economy, wealthy Americans must be able and willing to risk money by starting new business and hiring workers. The policies and rhetoric coming from Washington are a powerful disincentive to this kind of investment. Liberals insist that the rich aren’t “paying their fair share” of taxes, even though the top tax rate is more than three times the size the lowest tax rate, even though the richest 1 percent of Americans pay 40 percent of America’s income taxes, and even though the bottom 47 percent of households pay no net income taxes at all.<sup>6</sup> There is no particular need to defend successful and wealthy Americans. We have a long tradition of progressive taxation in America. But class-warfare rhetoric aimed at those who are in the best position to hire, invest, and ignite the engines of our economy is irresponsible and ultimately harmful to all of us.

This class-conflict rhetoric, of course, is motivated by a desire to raise taxes and to brand Republicans as the “party of the rich.” Now more than ever, partisan rhetoric must take a back seat to the common good.

**Deficit Spending.** Recent events in Europe and here at home have illustrated what I have long argued: that high levels of debt and spending are inherently dangerous to the economy. Last month’s G-20 meeting in Toronto presented the unprecedented image of European leaders insisting on less government and less spending while an American president was pressing for more. The *Philadelphia Inquirer* ran a story that began with these two paragraphs:

While still concerned about slipping back into recession, world leaders signaled Sunday that they have a new fear - that the deficit spending they used to stimulate growth could produce a crippling debt crisis that also could stagger the world economy.

They pledged Sunday to try to cut deficits in half within three years, their fear of debt outweighing warnings from President Obama that cutting back too quickly risks starving the economies just as they are starting to recover.<sup>7</sup>

To be fair, President Obama said he agreed that deficit reduction needs to be a priority—but not until the recession is over. That reminds me of the famous prayer from St. Augustine’s *Confessions*: “Lord, give me chastity...but not yet.” I might agree with President Obama if his stimulus had gone to the right places and if I had more faith in this Congress and this Administration to actually reduce spending once the recession is over. Obamacare alone will make it significantly harder to control the entitlement spending that is threatening our immediate and future prosperity.

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<sup>6</sup> <http://www.taxpolicycenter.org/taxtopics/federal-taxes-households.cfm> and <http://economix.blogs.nytimes.com/2009/07/30/top-1-paid-more-in-federal-income-taxes-than-bottom-95-in-07/?scp=6&sq=50%20percent%20of%20americans%20pay%20no%20taxes&st=cse>

<sup>7</sup> <http://www.philly.com/philly/news/homepage/97285854.html>

Our debt is no longer a problem for the future. University of Maryland economist Carmen Reinhart reported to President Obama's debt commission in May that the size of our debt is hitting the point where it will seriously harm the economy. She said that when gross debt hits 90 percent of gross domestic product, growth "deteriorates markedly." Democratic Senator Kent Conrad, Chairman of the Senate Budget Committee and a member of the commission, reported in the same meeting that our debt is now at 89 percent of GDP and will be at 90 percent before the year ends.<sup>8</sup>

Government debt is an immediate threat to prosperity, but it is an even greater long-term threat. Federal Reserve Bank Chairman Ben Bernanke said in April, "Unless we as a nation demonstrate a strong commitment to fiscal responsibility, in the longer run we will have neither financial stability nor healthy economic growth."<sup>9</sup>

The *New York Times* reported in March, "The gold-plated credit rating of the United States — an article of faith across America and, indeed, around the world — may be at risk in coming years as the nation copes with its growing debts. That sobering assessment, issued Monday by Moody's Investors Service, provided a reminder that even Aaa-rated United States Treasury bonds, supposedly the safest of safe investments, could be downgraded...."<sup>10</sup> A downgrade of government bonds would make the cost of our debt much higher, dramatically compounding the problem.

Ignoring or procrastinating on our need to address our debt situation is no different than an individual doing the same thing with his or her credit cards. We still have the ability to address the problem through incremental steps and a new resolve to act more responsibly in the future. As the *New York Times* reported in a sidebar to an excellent article in November, there are only five possible ways to address our out of control debt:<sup>11</sup>

**Cut Spending.** The most responsible solution is to reduce spending to bring it in line with actual revenue.

**Growth.** Growth so high as to generate tax revenues equal to our spending commitments is an unrealistic dream. A strong economy, however, must be part of the solution.

**Raise Taxes.** Even prior to the passage of Obamacare, former Treasury Department economist Bruce Bartlett estimated that a federal income tax hike of 81 percent would be needed to pay for the entitlement promises the government has made.<sup>12</sup>

**Inflation.** Inducing high inflation would erode the value of government debt, making it easier to pay off. However, it would also reduce the value of every American's personal investments and reduce our standard of living.

**Default.** Simply refusing to pay our debts, as Argentina and Russia have done, would produce worldwide economic panic.<sup>13</sup>

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<sup>8</sup> <http://thehill.com/blogs/on-the-money/budget/99973-us-debt-reaches-level-at-which-economic-growth-begins-to-slow->

<sup>9</sup> [http://www.house.gov/apps/list/speech/pa16\\_pitts/SpendingLimit.shtml](http://www.house.gov/apps/list/speech/pa16_pitts/SpendingLimit.shtml)

<sup>10</sup> <http://www.nytimes.com/2010/03/16/business/global/16rating.html>

<sup>11</sup> [http://www.nytimes.com/2009/11/23/business/23rates.html?\\_r=1&scp=2&sq=debt+&st=nyt](http://www.nytimes.com/2009/11/23/business/23rates.html?_r=1&scp=2&sq=debt+&st=nyt)

<sup>12</sup> <http://www.forbes.com/2009/05/14/taxes-social-security-opinions-columnists-medicare.html>

We still have time to solve the problem through lower spending and higher growth. We are, however, close to the point where high taxes, inflation, or default will be our only ways out. All three of those would have permanent adverse impacts on the economy and on every American family.

For the last two years, all of our government's attention should have been focused on restoring strength to our economy through tough choices, stability, and incentives. However, just the opposite has happened. We have been distracted by ideological agendas, we have gone on an unprecedented spending spree, we have thrown the regulatory climate into turmoil, and given businesses every incentive to wait before making investment decisions.

## What We Should Do.

While 18 months have been wasted, it is never too late to refocus and begin doing the right things. The first thing we need to recognize is that the government cannot “snap its fingers” and create prosperity. Government cannot create wealth. All it can do is move wealth around, robbing from Peter to pay Paul. Government needs to approach the situation with humility, admitting that the real power to create prosperity lies outside of Washington. Here are my priorities for addressing our current economic situation and restoring vitality and full employment to our economy.

**Help Those Who Need Help.** We must never forget that millions of Americans are struggling. We need to help the unemployed, but the help we give must be paid for and not added to our debt. This means tough choices for politicians, but those choices are no tougher than those made by Americans every day.

**Extend Unemployment Benefits.** In response to growing unemployment and a deepening recession, I voted to create the Emergency Unemployment Compensation program. This was the eighth time in history that Congress has created such a program. Congress has since expanded or extended the program seven times. I've supported those extensions and expansions when they were done responsibly. For instance, there was an expansion of the program in the “stimulus” bill, but I didn't vote for it because the entire bill added more than \$1 trillion to the debt.

**COBRA subsidies.** Americans who lose their jobs become eligible to keep their employer-provided health insurance if they can pay for it themselves. This presents an obvious “Catch-22.” I have voted twice to offer emergency subsidies for Americans who can't afford to pay for COBRA coverage and cosponsored two additional paid-for measures to accomplish the same goal.

**Solving the COBRA “Catch-22.”** While I have supported emergency COBRA subsidies for the unemployed, I have also proposed a permanent solution to this inherent flaw in the COBRA program. I am drafting legislation that will allow Americans who do have jobs to set up COBRA Affordability Accounts, with tax advantages similar to IRAs,

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<sup>13</sup> Other nations that have defaulted on their debt in the last 12 years include Venezuela, Ukraine (twice), Ecuador (twice), Peru, Moldova, Uruguay, Dominican Republic, Belize, and some additional smaller economies.

to save up for COBRA coverage if and when they need it. While these accounts won't help anyone who needs COBRA today, my legislation represents a way for people to take control of their own needs and plan for future economic downturns.

**Stable and Low Taxation.** One of the greatest impediments to job growth is the tax code. The uncertainty and complexity of our tax code makes it very difficult for employers to plan ahead and hire new workers. That is why I support H.R. 5029, The Economic Freedom Act.

**Maintain Existing Personal Income Tax Brackets.** In 2001, Congress restructured the income tax to create a new bottom bracket of 10 percent and to lower each of the existing tax brackets. Because some senators objected to the tax cuts, the reductions were enacted for only ten years. Unless Congress acts soon, every taxpayer will experience a significant tax hike next year.

**Reduce Taxes on Employers.** The U.S. effective corporate tax rate is 40 percent, one of the highest rates in the world. This is a significant disincentive for corporations to set up shop in America and dramatically decreases new job growth. H.R. 5029 would reduce the federal corporate income tax rate to 12.5 percent.

**Reduce or Eliminate the Capital Gains Tax.** H.R. 5029 also eliminates the capital gains tax. Experience shows that the government actually collects less tax revenue at a high capital gains tax rate than it does low rates, because the capital gains tax discourages investment and economic activity.<sup>14</sup>

**Eliminate the Estate Tax.** This bill also eliminates the estate tax. The estate tax is bad for small, family-run businesses because they often can't afford to pay the tax when it comes time to pass the business on to the next generation. Small businesses are the number one job producer in America.

**Balance the Budget and Start Paying Off Debt.** Paying down our national debt is becoming urgent. One only has to look at Greece to see what can happen to a nation steeped in debt. Fiscal responsibility produces prosperity. Fiscal responsibility is also entirely possible. I co-wrote four consecutive balanced budgets when I served on the House Budget Committee, negotiating each one with President Clinton. I know it can be done.

**Balanced Budget Amendment.** I support H.J.Res. 1, a resolution that would create a balanced budget amendment to the Constitution. This would force Congress to balance its budget every year unless three-fifths of the House and Senate agree to deficit spending. Pennsylvania and other states are required to balance their budget each year, and Congress should be as well.

**Spending Limit Amendment.** I also support H.J.Res. 79, which would limit federal government spending to 20 percent of GDP—about the historical average of government spending since World War II. According to the Congressional Budget Office, this year's government spending will equal 24 percent of GDP (\$3.5 trillion), while tax revenues will represent 15 percent (\$2.1 trillion). There are some signs of bipartisan support for

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<sup>14</sup> In 1998 Congress and President Clinton reduced the rate from 28 percent to 20 percent. Congress also balanced the budget that year. In 2003, President Bush and Congress further reduced the rate to 15 percent. Investments and tax receipts increased both times.

this, as President Obama's Democratic co-chair for his fiscal commission has endorsed limiting government spending to 21 percent of GDP.<sup>15</sup>

**Just Doing the Right Thing.** In truth, any President can propose a balanced budget and any Congress can pass a balanced budget. It just takes courage and the willingness to say "no" to things we can't afford.

**More and Cheaper Energy.** Everything we do in our economy requires gasoline, electricity, or some other form of energy. From getting to work to turning on your computer when you get there, you need energy to be productive. Manufacturing, one of the most distressed parts of our economy, requires significant amounts of energy to produce things. High energy prices not only suppress the creation of new jobs but also create a strong incentive to move factories to other countries. We must increase our supply of energy by promoting new and cleaner sources and by responsibly maximizing our use of existing domestic sources.

**Promote Clean Energy.** It is very important that we produce energy as cleanly and responsibly as possible. Wind, solar, and hydroelectric power generation do not pollute the air, but only constitute 7 percent of our power generation. We need to promote these clean sources of energy to reduce our reliance on imported fossil fuels.

**Promote Nuclear Energy.** Nuclear power can be produced safely and also does not pollute the atmosphere. I have introduced the SAFE Nuclear Act, H.R. 3448, to promote the construction of new nuclear reactors using approved designs on or adjacent to the sites of existing nuclear power plants.

**Maximize Use of Domestic Energy.** America owns tremendous deposits of fossil fuels, including coal, oil, and natural gas. As long as we are dependent on fossil fuels, we should use our own sources as often as possible for economic, environmental, and political reasons. We need to continue investing in technologies to make our use of fossil fuels cleaner and more efficient. New hydraulic fracturing technology has made Pennsylvania's own huge natural gas deposits accessible for the first time. Natural gas is far cleaner than coal or oil.

**Regulate Wisely.** From Obamacare, to financial services, to Cap and Trade, this Congress has been more aggressive at imposing new and expensive regulations on employers than any Congress in American history. But when it comes to regulation, more is not necessarily better. We need the right regulations and then we need to enforce them. Bad and unnecessary regulations stifle job creation. The regulations we have should be aimed at stopping fraud and incompetence, and at lowering costs. Lowering costs will allow employers to hire more workers.

**Healthcare.** Healthcare is not just an important service; it is a major part of our economy that provides millions of American jobs. How we regulate the business of healthcare will have a direct impact on the health of our economy.

**Repeal Obamacare.** Of all the reasons to repeal Obamacare, the most important is that we simply can't afford it. Obamacare should be repealed and replaced with commonsense measures to make sure people can get insurance even if they have pre-existing conditions or need help paying for it.

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<sup>15</sup> <http://thehill.com/homenews/administration/106525-obama-fiscal-commission-chief-eyes-spending-caps-entitlement-reforms>



**Stop Discriminating.** End the tax policies that discriminate against those individuals who purchase private health care on their own, rather than through their employers.

**Make Insurance Portable.** Make it easier to decouple health insurance from employers – Those who own their coverage can take their plan with them when they change jobs or quit working. If they move, they can take their plans to another state. They choose the plan and doctors and services they want. And insurers and providers are accountable to them, not to their employer or government bureaucrats.

**Allow Competition.** Current rules ban interstate competition among insurance plans, driving up the price of insurance while driving down quality. People should be able to buy health insurance across state lines, we should allow pooling across state lines by trade associations and other large groups, and we should utilize risk pooling for people with pre-existing conditions.

**Lawsuit Reform.** Prior to 2006, the House of Representatives pass legislation to rein in frivolous lawsuits four times, only to see the bill get filibustered each time in the Senate. The CBO estimates the legislation would save the government \$54 billion. It would save the private sector billions more.

**Banking.** The financial crisis exposed the inadequacy of our financial regulatory structure. Large banks were deemed “too big to fail,” and subsequently bailed out with taxpayer dollars. Fannie Mae and Freddie Mac, two quasi-government corporations, pumped capital into the housing market, which inflated the housing bubble at an ever-accelerating rate. Finally, the Federal Reserve had broad authority to intervene in the economy, picking winners and losers in the market and further jeopardizing the taxpayer. Clearly our financial markets need to be reformed.

The regulatory bill moving through Congress now is highly partisan and increases the likelihood of more government bailouts. It does nothing to reform Fannie and Freddie, increases the power of the Federal Reserve, and vastly expands the federal bureaucracy.

**End “Too Big to Fail.”** The right kind of reform can be found in H.R. 3310, the Consumer Protection and Regulatory Enhancement Act. This bill makes bankruptcy for all banks of any size a viable option. Bankruptcy helps to ensure market discipline, something many of the biggest banks do not have.

**Reform Fannie Mae and Freddie Mac.** The bill also creates a plan to reform Freddie and Fannie so that the taxpayer is not stuck dumping hundreds of billions of dollars into these failing housing giants. Finally, this bill would reform the Federal Reserve by eliminating its role as a bank supervisor.

**Energy.** The BP oil spill in the Gulf of Mexico clearly shows that regulation of the energy industry is necessary, and that those regulations need to be enforced. However, this is the wrong time for a massive overhaul of the entire regulatory structure involving new taxes, new rules, and higher energy prices. The Cap and Trade bill, which passed the House, seems unlikely to pass the Senate this year.

**Increase Trade.** America is still the number one manufacturing country in the world. However, unfair currency manipulation and a diminished focus on expanding our markets overseas has had

a negative effect on manufacturing and domestic job growth. We need to open new markets for trade, while ensuring that trade agreements don't give foreign countries the upper hand.

**Korea Free Trade Agreement.** The U.S. International Trade Commission estimates that U.S. exports could rise by \$10 to \$12 billion dollars. The U.S. Department of Commerce estimates the agreement would produce tens of thousands of new manufacturing jobs.

**Colombia Trade Promotion Agreement.** Over 40 agricultural industries including the American Farm Bureau support the Colombian agreement citing the fact that, "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

**Panama Free Trade Agreement.** The PA Farm Bureau estimates this agreement would provide \$190 million in new revenue for PA agriculture per year.

**End Chinese Currency Manipulation.** Congress should pass H.R. 2378, the Currency Reform for Fair Trade Act. This legislation would press China to stop manipulating the value of its currency to gain an unfair advantage in its trading relationships.

**Build Infrastructure.** While government can't simply create prosperity, it can do things to help those who can. One thing government can do to help is build infrastructure. The construction of new roads and bridges is the government's job, and now is a good time to do it. Modern infrastructure helps the economy as goods move more efficiently from factories to consumers.

**Redirect Stimulus Dollars to Infrastructure.** The "stimulus" bill directed only a small portion of its money to infrastructure spending. Hundreds of billions of unspent stimulus dollars could be redirected to infrastructure spending, creating temporary construction jobs and improving the business climate for almost every American business.

**Pass H.R. 687, the Highway Trust Fund Reform Act.** This legislation will replenish diminishing highway funds by repealing outdated and costly labor provisions in the 1931 Davis-Bacon Act.

## Conclusion.

President Bill Clinton once said, "There is nothing wrong with America that cannot be cured by what is right with America." I agree with that. Fundamentally, America possesses all the greatness it ever had. The current recession is in great part a result of what's wrong with America's government, not of what's wrong with America itself. I have great confidence that despite the government's mistakes, America will rebound and rebound strongly.

Long-term, however, the weight of the government's mistakes may be too much to bear if we don't act soon. Our government debt is growing out of control. We must rein in spending now, before it is too late. Some in Washington, who doubt our ability to control spending, are already proposing a European-style value-added tax (VAT) to balance the federal books. But with unemployment at nearly 10 percent, Americans cannot afford the burden of a new job killing tax. But this is exactly what a VAT will do. A VAT will increase the cost of goods and services for all Americans, including the lower and middle classes. It will tax our manufacturers, sending even more jobs overseas. And, it will decrease consumption, which will deepen the recession and suppress entrepreneurialism. This is exactly what has happened in Europe where increased

government spending and taxation has led to consistently high unemployment and suppressed economic activity. For this reason, I wrote a letter (signed by 154 Members of Congress) to the President's debt commission urging them to focus on spending cuts rather than a VAT or other tax hikes as the look for ways to balance the budget.

We must solve our spending and economic troubles the old-fashioned way: through discipline and responsible decision-making. If we can do that, America's future will be as bright as ever.