



November 5, 2010

Dow: 11,410

## **DON'T SHOOT THE MESSENGER**

Americans sent a loud and clear message to Congress on Tuesday. That message was aimed at all the incumbent legislators, whose approval rating is the lowest in recorded history. Americans are saying they are not happy with the direction in which the country is headed. The economy and jobs was number one on voters minds with the staggering levels of debt close behind. This election has seen the installation of some non-political, business type people into office. These people know how to start a business, hire people and meet a payroll while balancing the books. We take this as a plus as capitalism is still the best economic system and will flourish in a regulatory friendly environment. Calvin Coolidge once said, "The business of America is business." We hope both parties (or is it three?) have a better understanding of the word bipartisan. That's what it will take to avoid gridlock and get this country moving forward again.

So what can Congress and the President do to right this ship? We would have several suggestions:

1. Extend the current tax cuts to all Americans. All Americans should be treated fairly. Business owners are interested not just in profits, but profit growth. Ultimately, growth will lead to an expansion in hiring. Job creation should be number one. This should be the easiest piece of legislation for both parties to agree on and one the President would sign.
2. Cut the corporate tax rate currently at 35% to 20%. We have the second highest corporate tax rate in the free world after Japan. This would encourage more investment in business and would reduce the outsourcing of jobs and of entire businesses. This will be a tough piece of legislation to pass; however, some of the more business oriented legislators may be able to make a compelling argument.
3. Maintain lower tax rates on capital gains, interest income and dividend income. This would put more money in the hands of investors that would either add to consumer spending or be reinvested in corporate America. This step would not be too difficult to implement.

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4. Cut government spending. Households have budgets that they live within. The government should not be any different. If the money is not available don't spend it. This will be painful, but it is a critical undertaking that will save billions of dollars.
5. Sign the free trade agreements with Columbia, South Korea and Panama. There is no reason to hold up trade with these countries. It only hurts our businesses that want to sell products to these countries while Canada, China, Mexico and India capture these export markets.
6. Stop this nonsensical talk of tariffs. That was tried in the 1930s when Hoover signed into law the Smoot-Hawley tariff legislation. It only worsened world economies and extended the Depression.
7. Stop the earmarks. Congress wastes billions of dollars annually on pork to build bridges that go nowhere or to erect statues of obscure historic figures.

Intelligent/smart. There is a subtle difference. Not all intelligent people are smart and not all smart people are intelligent. History is replete with examples of intelligent people not being smart – remember Long-Term Capital Management or the aforementioned Smoot-Hawley bill or even Castro admitting Communism didn't work while watching the rest of the world embrace capitalism. Many legislators seem to think they are intelligent and most probably are, but most do not appear to be smart at times. Why would any smart person pass a 2000 page healthcare bill without even reading it? That message was also sent at the polls – just be smart. Smart people are those Americans who go to work every day trying to better their lives and the lives of their children. Smart people are those who see a niche in the economy and move to fill it. So here's to all the smart people down through the ages that have made this country great.

**Happy Thanksgiving everyone!**

**Random Thought for November 2010:** “The more you read and observe this politics thing, you got to admit that each party is worse than the other. The one that's out looks the best.”

*Will Rogers*

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