



Thomas A. Schatz
President

January 21, 2009

U.S. House of Representatives
Washington, D.C. 20515

Dear Representative,

The House is in the process of crafting a “stimulus” package in order to grow the economy. A draft was released last week that contains \$275 billion in tax cuts and \$550 billion in “carefully targeted priority investments.” In truth, the legislation should be called a de-stimulus package because it is nothing more than a gigantic appropriations bill that directs money to certain Congressionally-favored programs and will do little to revive the economy.

It would be wise to look at history. Both Presidents Hoover and Roosevelt created big government spending programs that did nothing to relieve the nation of the Great Depression. In fact, a recent study by economists Harold L. Cole and Lee E. Ohanian at UCLA found that government insertion into the marketplace stalled any quick recovery after the 1929 stock market crash and extended the Great Depression by seven years. History has also shown a much better approach to stimulating an economy is to encourage private investment by implementing across-the-board tax cuts. This is why the Council for Citizens Against Government Waste (CCAGW) favors the Republican Study Committee’s (RSC) approach to promote economic growth and new jobs.

The Economic Recovery and Middle-Class Tax Relief Act offers tax relief for families and businesses, while releasing future generations from devastating debt. For example, the legislation provides a five percent across-the-board income tax cut for the six federal income rates, makes permanent the 15 percent rate on capital gains and dividends, repeals the alternative minimum tax (AMT), and reduces the top corporate income tax rate from 35 percent to 25 percent. It cuts spending by requiring a one-percent reduction to the fiscal year 2009 discretionary spending bills, except for Defense and Military Construction-Veterans appropriations, that will help pave the way for future cuts in government spending. These provisions and others provide broad tax relief for all taxpayers and businesses without picking winners and losers, unlike the draft bill introduced last week.

I urge you to adopt the provisions in the RSC’s Economic Recovery and Middle-Class Tax Relief. It is a good alternative to the de-stimulus package that will cost taxpayers billions of dollars, leave the nation further in debt, and do little to create new, net jobs.

Sincerely,

A handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.