

Today's Date

Dear Honorable \_\_\_\_\_,

**I am writing to you as a concerned registered voter in your district. As you know, the economy is in serious need of help. I feel immediate action is needed. Please champion or support a Republican Stimulus Plan. Former Governor Mitt Romney of Massachusetts detailed below many considerations that should be included in the plan. I agree strongly with Governor Romney.**

**Thank you.**

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## **A Republican Stimulus Plan -ACT NOW! -By Mitt Romney**

What is Washington waiting for? The inauguration is less than five weeks away: At the rate we've been going, another 500,000 jobs will be lost by then. The downward spiral is deepening and accelerating: Congress and the president must act now.

American families have lost about \$11 trillion in net worth as securities and home values have plummeted. This translates into about \$400 billion less annual consumer spending, net of government safety-net funding. Exports won't grow to make this up, as the dollar has strengthened with investors worldwide clamoring for its relative security. Investments won't make up the gap either, as bank loans and secondary-market financing have shrunk and as fresh equity is virtually non-existent.

So this is surely the time for economic stimulus. But — and this is the crucial point — the government can't just make itself bigger and more oppressive in the guise of stimulating the economy. That would make matters worse. Nor should we forget that fiscal stimulus is but one part of the solution. As Christina Romer, Barack Obama's designee as chairperson of the Council of Economic Advisors concluded from her study of the Great Depression, bad monetary policy was its greatest cause and good monetary policy was its most effective cure. The Fed should continue to expand the money supply. And, it should confirm that it will not tolerate deflation — the pain of inflation pales in comparison.

That being said, a stimulus plan is needed without further delay, and there are some things that Republicans should insist on.

The first is that tax cuts are part of the solution. Harvard professor and economist Greg Mankiw points out that recent research confirms that tax cuts have a greater multiplier effect than new spending — more economic bang for the federal buck. *We should* lower tax rates for middle-income families and eliminate their tax on savings altogether — no tax on interest, dividends or capital gains. Let's also align our corporate tax rate with those of competing nations. These actions will rapidly expand consumption and investment, and right now, time is of the essence.

On the spending front, infrastructure projects should be a high priority. But because infrastructure projects involve engineering, environmental studies, permitting and contracting, they can take a long time to actually boost the economy. Spending to refurbish and modernize our military equipment is urgently needed, and it has a more immediate impact on the economy. A great deal of our armament was damaged or lost in the Middle East, and the rest is long overdue for maintenance.

We should also invest to free us from our dependence on foreign oil, not by playing venture capitalist, but by funding basic research in renewables, material science, combustion, nuclear reprocessing, and the like. During the 2008

campaign, virtually every candidate agreed on the need for an “Apollo-like mission” to achieve energy independence. Now is the time to start.

Cities and states will clamor for government dollars. Like the Big Three automakers, states should first take advantage of the downturn to do some needed cost cutting and restructuring. State employee numbers, pensions, and health-insurance premium sharing — as well as duplicate and ineffective agencies and programs — should be high on the hit list. State budgets should be brought in line with those of the most efficient of their comparables. And the federal government should look to ease the burden of mandates on states, like Medicaid.

Republicans should also lay down a gauntlet: All new spending projects should be selected by the responsible federal agency according to published criteria, not by congresspersons and senators based upon favors and politics. Republicans should commit to vote no on any stimulus bill with earmarks that have not been voted upon by their entire body.

There is a danger that new spending and deficits will lead to runaway inflation, flight from the dollar, and another economic crisis. It is essential, therefore, that Congress and the president commit to reform entitlement spending as soon as the economy recovers. With the footing of our long term economy at risk, with entitlements already reaching 60 percent of federal spending and with baby boomers nearing retirement, this can be delayed no longer.

We must also be careful to avoid burdening the economy with excessive regulation in response to the need to reform regulatory oversight of the financial sector. Going too far could cripple the entire industry, further tightening the credit markets. And we should make it clear that Washington will not act to virtually impose unions on small business by eliminating the right of workers to vote by secret ballot in the workplace. This “card check” payback for the AFL-CIO’s support of the Democrats would devastate business formation and employment.

The Democrats may want to wait for Obama, but the country needs action now. Republicans can — and must — play an important role in shaping a stimulus bill that makes sense for America and lays a foundation for future prosperity and growth.

— *Mitt Romney is the former governor of Massachusetts.*