

PERSONALLY SPEAKING

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ASK THE CANDIDATES

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As the presidential campaign enters the unrelenting heat of August we can safely say that charges and counter-charges will increase in number and intensity as Democrat and Republican strategists and surrogates twist and turn to find precisely the right language to affirm their candidate and discredit his opponent. Caught in the middle of this barrage of words and rhetoric – which in the extreme we would politely call “just talk” -- voters may end up confused as to where the candidates stand on important economic issues.

The answers the candidates give to the following questions on economic affairs before the election may help the puzzled voter decide how to vote in November. And those answers may help hold the candidates accountable after the election. Questions regarding fuel prices, alternative fuels, health care, and entitlement programs appeared in a report filed last month. A copy of that report is available upon request.

Jobs, Unemployment, and Wages

- **How does the federal government actually create jobs? By getting out of the way of private employers? By entering free-trade agreements with other countries? By protecting and subsidizing producers with promising new ideas for products, services, and production/distribution processes?**
- **What rate of unemployment defines a full-employment economy? What rate identifies an economy in serious trouble?**
- **Does a higher minimum wage help or hurt low-wage workers? Is it really possible and effective to mandate higher wages for low-wage workers?**
- **Between 1972 and 2006 there has been no increase in the inflation-adjusted median annual earnings of men working year round, full time. It remains stuck at approximately \$42,500. Why didn't the huge back-to-back economic expansions in the 1980s and the 1990s result in higher real earnings for these men and what can be done about that?**

Housing

- **How do we make housing more affordable, by cutting mortgage interest rates, by subsidizing landowners who lease their properties to low-income families, by continuing the itemized deduction for interest paid on home mortgages, by preferential treatment for select home buyers such as military veterans?**
- **What kind of assistance, if any, should be offered to those who cannot keep up with their monthly mortgage payments and are losing their homes through foreclosure?**

Government Regulation vs. Markets

- Is the answer to problems such as the subprime mortgage mess more government regulation or more transparency in economic affairs?

Budget Deficit/Public Debt

- Does it matter that more and more of the U.S. public debt, which increases every time the federal government runs a budget deficit, is held by foreigners including the Saudis and Chinese?

Taxation and Entrepreneurship

- Which taxes, if any, are most likely to have an overall negative effect on innovation and entrepreneurship?
- Which do you prefer and support, higher marginal tax rates for higher income-earners with loopholes exempting certain types of income or a flat-tax with no loopholes?
- What is your position on the present Alternative Minimum Tax?
- Where will we find entrepreneurs willing to undertake risky alternative-fuel ventures if they are forced to pay higher capital gains, personal, and corporate taxes when they succeed?

Trade Deficit

A weaker dollar reduces the trade deficit by making foreign produced goods and services (including travel) more expensive alongside American produced goods and services. A stronger dollar increases the deficit by making foreign produced goods and services less expensive alongside American produced goods and services. A larger trade deficit means that foreigners have larger holdings of U.S. dollars which they can use to buy U.S. owned assets (such as the recent purchase of Anheuser-Busch by foreign-owned InBev) and lend money to Americans and the U.S. Treasury.

- Which is better for hard-working American families, a stronger dollar or a weaker dollar?

Threat

- Which is the greater threat, loss of personal freedom in economic affairs or heightened economic insecurity in a globalized economy?

Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute. Since completing his doctorate in economics at Saint Louis University more than 35 years ago, Dr. O'Boyle has specialized in economic research and analysis increasingly from the perspective of the human person engaged in everyday activities both as a unique individual and as a community member. In January 2004 the Association for Social Economics conferred on Dr. O'Boyle its prestigious Thomas Divine Award for lifetime contributions to social economics and the social economy. He taught economics at a state university in Louisiana for 30 years prior to his retirement in 2007.

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