

the Connection

A Quarterly Review

3rd Quarter 2020

POLICY GOALS

Everybody's favorite event is coming up – the Election. We are going to ignore most of the political stuff here and instead try to make sense of what each candidate and parties' agenda means for the future of our country. We are also going to try to avoid discussing Covid-19, mainly because there isn't much we can do about that beyond keeping our masks on.

We have already discussed the necessity of redoing infrastructure for a few years. Both candidates (not both parties) would like a sizeable infrastructure bill done. 85% or so of Americans recognize that we are at risk of failing infrastructure. There are some specific issues that different regions need money for. On the west coast it is fires, as if you didn't already know. In the South and Southeast, we have flooding and erosion. The Midwest has a mix of flooding, fires and weather events. The Northeast has ocean creep and seawall issues to deal with. Building new roads, alternative power sources, dams, waterways, seawalls, levies and bridges would require great effort, but would create a lot of productive jobs as well as GDP growth. It would also lower our cost of living, specifically property and casualty insurance costs and other associated disaster recovery costs.

New powerlines, data infrastructure, cell towers and increased general technology access will create more equitable access to information across the U.S. mitigating productivity costs associated with data speed, data loss and power outage.

The biggest issue at play economically is taxes. We are going to come right out and say that neither party is right about taxes. Some of you have heard us talk about this. To believe one tax plan fits all times and all people is insane. Coincidentally, the idea that there should be a steady state of government spending is also insane. Republican politicians always want to lower taxes, Democrat politicians always want to raise taxes. This leaves us (citizens) as the actual public policy makers, and we have done an ok job with our vote. We would love to hear all candidates just tell the truth. When the economy is struggling, the government needs to lower taxes and raise spending. When the economy is booming, the government needs to raise taxes and lower spending. These offsets from government would help mitigate inflation and deflation. In a booming economy

the higher taxes blunt the accretion of wealth towards the wealthy. In a struggling economy, the higher spending pushes that money into the hands of those who need it most. We all should recognize too much money has been accreting to the top over the past decade. Higher taxes would have offset a lot of that accretion and that money would be available to be spent now in a struggling economy.

Instead of the statement "they aren't paying their fair share" or "they are paying too much" – the truth would be "It depends". There are times the government needs to reallocate wealth, and there are times the government needs to let capitalism flourish. Trusting the Federal government to make that decision rationally, that is a different story.

Between the two parties, Republicans are making a stand today about lower taxes for the next four years, but also increasing tariffs and continuing a trade war with China (which is a tax for all of us). The Democrats are talking about eliminating tariffs, raising taxes and a larger infrastructure package. Both paths will create jobs in the United States. Both parties know we need to create jobs in the U.S. We would prefer those jobs to be in technology and high specification manufacturing versus oil and mining, but that is a longer discussion that we do not have time to discuss. If you want to know more, we can talk for hours on the subject.

In our view, the appropriate policy is a mix of the two parties (Wow, you mean both parties can contribute to the success of the United States!?!). We would start 2021 with low taxes. We would put \$2-3 trillion into infrastructure, including tax credits for companies to put manufacturing centers into our hardest hit areas. Included in those credits would be credits for any company that created career employment in the U.S. In 2022, we would allow those jobs created to start to positively impact the economy. We would look to see what socio-economic areas were not positively impacted. We would start to monitor those areas for potential help in 2023. In 2023, if the economy is stable and positive, we start to look at raising taxes on the biggest beneficiaries. By this time, government investment begins in those socio-economic regions that did not benefit. 2024 comes with tax hikes to help pay the bills, but they come

slowly, as the economy will still be fragile. We campaign on the success of government working with capitalism to try to keep our economy balanced while propping up those who did not benefit.

This is an oversimplification. If we had enacted it over the last 20 years; however, when a steel mill in Indiana shuttered, the town became a ghost town – maybe the government builds a military base there. Or incentivizes Intel to build a chip plant. The main idea is that government should be there to balance capitalism, not to work for or against it. Balancing capitalism may require tariffs, subsidies or direct mandates to make sure that jobs created overseas (because of cheaper labor) are balanced by careers created here in the United States. Free trade is great, but it does need to be balanced out at times.

We keep hearing about social contracts being broken with the public, the government and corporate America. Part of that social contract was to keep social out of the contract. We the people, as directed by our founding fathers, were expected to keep religion and civil rights away from our vote. Our vote was really designed to dictate public and economic policy. We were supposed to allow society to adapt in a reasonable way. Social causes conflict with economic and public policy causes, which is creating a fracture in our civic structures. We need to get back to being rational human beings regarding civil rights, so that we can be rationale voters regarding tax and economic policy. We need to reduce the number of one or two issue voters. That we even have single issue voters is a failure for all of us.

We recommend looking back at Teddy Roosevelt, FDR, and Eisenhower for some policy ideas to push the U.S. into a better place. We also recommend listening to JFK's speech at Rice University. Civil liberty and economic prosperity are not guaranteed because we are American; It is gained through hard choices, sacrifice and work. Most of all, that means we compromise.

(This is a write in campaign. Cast your ballot for Stephen. 😊)

THE ACT OF GIVING

Below is an updated list of some organizations our clients are helping today.

All Local Food Banks
www.sfmfoodbank.org
www.shfb.org
www.foodbankccs.org
www.refb.org

Bloom Marin
www.bloom.org

Maya's Music Therapy
www.mayasmusic.org

Friends of the Urban Forest
www.fuf.net

Guide Dogs for *the Blind*
www.guidedogs.com

Doctors without Borders
www.doctorswithoutborders.org

The Nature Conservancy
www.nature.org

National Kidney Foundation
www.kidney.org

Guide Dogs of America
www.guidedogsofamerica.com

Golden Gate National Parks Conservancy
www.parkconservancy.org

Fine Arts Museums of San Francisco
www.famsf.org

Canine Companions for Independence
www.cci.org

Alzheimer's Association
www.alz.org

The Foundation for Rotary International
www.therotaryfoundation.org

Wildcare
www.wildcarebayarea.org

Homeward Bound of Marin
www.hbofm.org

Whistlestop
www.whistlestop.org

FINCA
www.finca.org

Sonoma Land Trust
www.sonomalandtrust.org

Friends of the Earth
www.foe.org

The American Friends Service Committee
www.afsc.org

Amnesty International
www.amnestyusa.org

Eastside College Prep
www.eastside.org

Northern Sierra Partnership
www.nothernsierrapartnership.org

American Bird Conservancy
www.abcbirds.org

The Cornell Lab of Ornithology
www.birds.cornell.edu

Mono Lake Committee
www.monolake.org

Tahoe Rim Trail
www.tahoerimtrail.org

Ocean Conservancy
www.oceanconservancy.org

Global Fund for Women
www.globalfundforwomen.org

Marin Agricultural Land Trust
www.malt.org

Walk to End Alzheimer's – San Francisco, CA
www.act.alz.org/sanfrancisco2019



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