

## Second stimulus package under consideration

By [R. A. Dillon](#)

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WASHINGTON — Democrats in Congress are pushing for a second economic stimulus package before the next administration takes office in January.

Proponents argue the proposed stimulus this time around should focus on Main Street instead of Wall Street. Democrats noted that bad mortgages are at the root of the financial crisis and little has been done to help struggling homeowners.

They are pushing for a \$150 billion stimulus package, but some economists are calling for as much as \$300 billion to keep the economy from sinking into a full-blown recession.

But some members of Alaska's congressional delegation insist what's needed is for the government to lift restrictions on traditional oil and natural development in the Arctic National Wildlife Refuge and elsewhere in the Lower 48, and allow private industry to create jobs while reducing the nation's dependence on foreign sources of energy.

"Our problem is that we send too much of our money overseas," said Sen. Ted Stevens, a Republican. "We need to stop it and focus on building up our economy at home by developing our resources."

In addition to becoming less dependent on foreign sources of oil and natural gas, the nation also needs to conserve more, Stevens said.

"We're going into a recession if we don't find a way to stimulate our own economy," he said. "The crisis comes because we're losing investment opportunities in our own country."

Rep. Don Young, a Republican, also said the government needs to add jobs and reduce oil and gas imports by producing more energy at home. But he left open the possibility that he would support a booster shot for the economy, depending on what it contained.

A spokesman for Young said the congressman believes any rescue package should include an ANWR provision to offset its costs.

"If we include production, we give people jobs and raise revenue to pay for other provisions," said Michael Anderson, Young's campaign spokesman.

Young has not seen details of what the Democrats are proposing but would consider legislation to stimulate the economy if it included tax cuts and encouraged private investment, Anderson said.

“Congressman Young has stated emphatically in nearly every venue that he has been to in the state that the cost of energy was one of the triggers in setting this economic crisis off,” Anderson said. “The solution lies in the emphasis in starting the production of energy within our nation.”

Democrats want to create jobs through government-funded infrastructure projects, and provide assistance to low-income households by extending jobless benefits and increasing spending on food stamps, home heating subsidies and state Medicaid programs.

There’s also talk of tax breaks for small businesses and relief from penalties for those who have to withdraw money from retirement accounts early.

Stevens dismissed the idea of putting people to work on big infrastructure projects, like highways and bridges, saying it would only sink the government deeper in debt.

“That is spending money we don’t have,” he said. “It’s time to do what (President Ronald) Reagan did, and that’s create more jobs through private investment.”

Anderson said Young supports investing in the nation’s infrastructure to jump-start commerce, but stressed that offsets need to be found within the federal budget.

Anchorage Mayor Mark Begich, a Democrat who is challenging Stevens for his Senate seat Nov. 4, voiced support for a second round of legislation to help the ailing economy. Begich also said Congress should focus on energy.

“It certainly makes sense to have an economic stimulus package as soon as possible to help middle-class families and small businesses,” Begich said. “We need money now for energy infrastructure, and Congress should create a revolving loan fund to help lower energy prices.”

The fund would allow communities to lower costs by installing energy-efficient equipment and technology, Begich said.

Anchorage Democrat Ethan Berkowitz, former minority leader of the state House who is running against Young for Alaska’s only seat in the lower chamber of Congress, said energy costs are at the core of the economic struggles Alaska families are facing.

“Any stimulus package has to be about helping people,” he said.

Any solution to the crisis needs to include more energy production, but it needs to go beyond just opening ANWR and include renewable energy, such as wind and geothermal, which can be developed in the state’s smaller communities, Berkowitz said.

“We have to make sure we’re developing local energy options,” Berkowitz said. “That’s being constrained right now because investment dollars aren’t flowing, and people are paying higher energy costs than they need to be paying.

Earlier this year, Congress approved a stimulus package that resulted in nearly \$100 billion in rebates being sent to taxpayers, but the plan has done little to stem the economic downturn.

Young twice voted against the \$700 billion bailout package passed in September because he opposed giving one person or agency in the executive branch that much discretion to spend taxpayer money without congressional oversight, Anderson said.

Stevens voted for the rescue plan, as did Republican Sen. Lisa Murkowski.

A spokesman for Murkowski declined to comment on whether the senator would support a second stimulus, saying it was still speculative whether Congress would even take up the issue, and if it did, what would be in such a package.

In an e-mail Friday, Anderson laid out tenets Young believes should form the basis of in any new economic stimulus package, including temporarily suspending the capital gains tax, allow banks to claim tax deductions for investments in mortgage brokers Fannie Mae and Freddie Mac, and federally insure troubled mortgage-backed assets.

Young also wants to modify federal homeowner programs to help borrowers facing troubled mortgages refinance into affordable loans backed by the government. Anderson did not say whether Young would support efforts to require private lenders to modify existing mortgages.

Congress also needs to reform the way banks value assets by replacing mark-to-market accounting with fair value rules, Young’s spokesman said.

“By suspending the mark-to-market rules, it allows banks to better determine the true value of their long-term assets rather than basing it on short-term fluctuating prices,” Anderson said.

Young wants to create a federal board, including the heads of the Federal Reserve, Treasury, Federal Home Finance Agency and the Department of Housing and Urban Development, to oversee the reforms, Anderson said.

A bipartisan group of economists on Friday told the House Education and Labor Committee that a second stimulus package should include an extension of unemployment insurance.

The House approved a seven-week extension of jobless benefits this month, but it was blocked in the Senate by Republicans. Senate Majority Leader Harry Reid, R-Nevada, said he would try to bring the measure up again next month in the lame-duck session immediately following the Nov. 4 elections.

Jared Bernstein, an economist with the think tank Economic Policy Institute, testified that the stimulus should focus on shoring up state budget shortfalls.

Ron Blackwell, chief economist for the AFL-CIO, said Congress should consider approving as much as \$300 billion for a stimulus package.

Federal Reserve Chairman Ben Bernanke on Monday said he would support a second stimulus package, but declined to specify what such a plan should include.

The White House said President Bush was not opposed to another round of federal spending to prop up the economy, but stopped short of endorsing the efforts being discussed by Democrats.

Senate Minority Leader Mitch McConnell, R-Kentucky, said any stimulus plan should include tax relief, including making the Bush tax cuts permanent.

Lawmakers are planning to return to Capitol Hill for a post-election session starting on Nov. 17, that is expected to last two to three weeks.