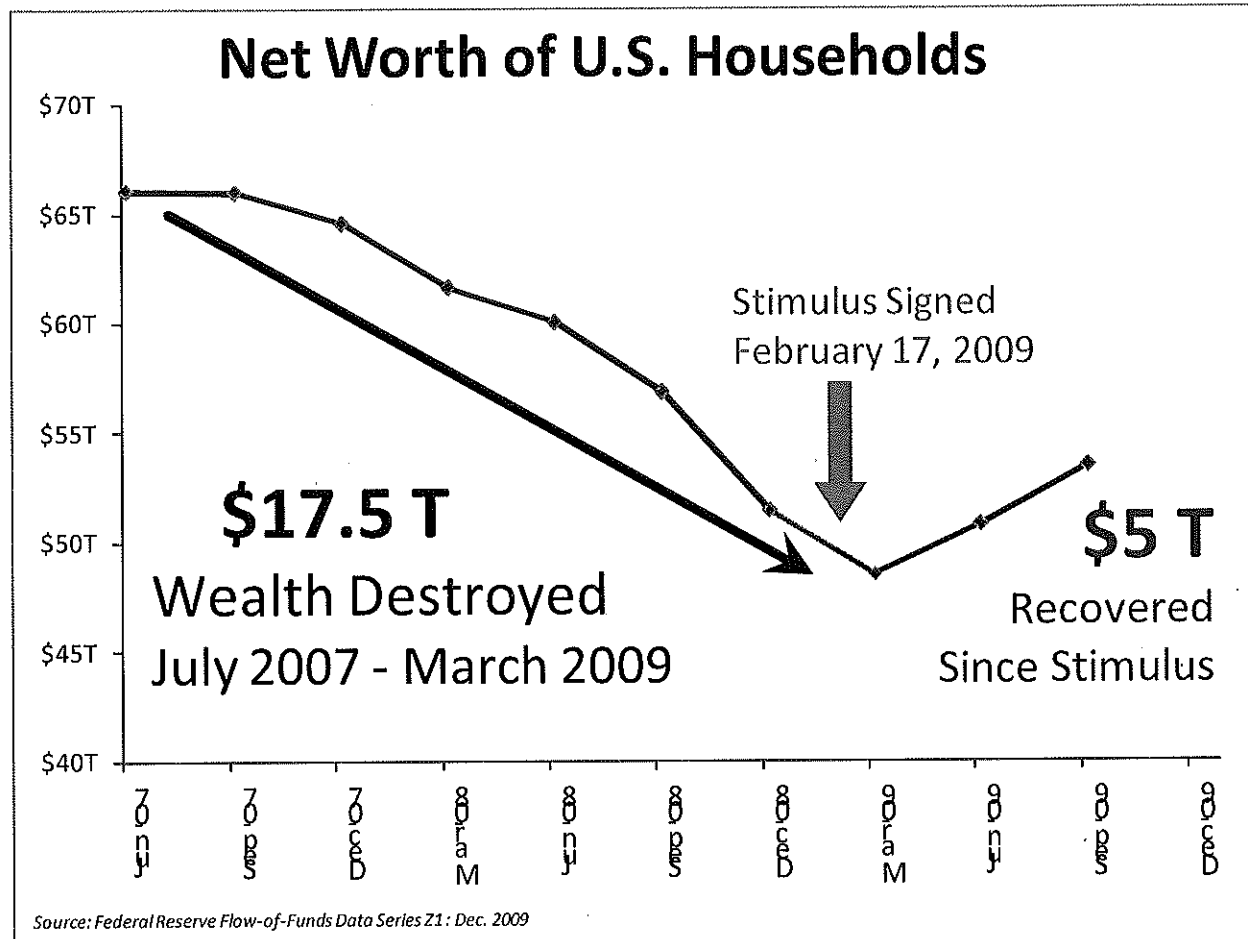


As a scientist, I have always found numbers to be more illuminating than ideology and talking points. So, up on the chart here, I have plotted some interesting numbers that I downloaded from the flow-of-funds report that the Federal Reserve web site reports each quarter.

It shows that from July 2007 to March 2009, (roughly the last year-and-a-half of the previous administration), ***the net worth of households in the United States dropped by 17.5 Trillion dollars.***

Our economy is suffering through the aftermath of the largest destruction of wealth in human history.



Under democratic leadership, since the passage of the stimulus and other important initiatives, this trend has been reversed. Our economy has now stabilized and household net worth has ***increased by more than \$5 Trillion dollars.***

The 17.5 Trillion of wealth destroyed in the last months of the previous administration is so large that it is hard to get your arms around. Just how large is 17.5 Trillion dollars?

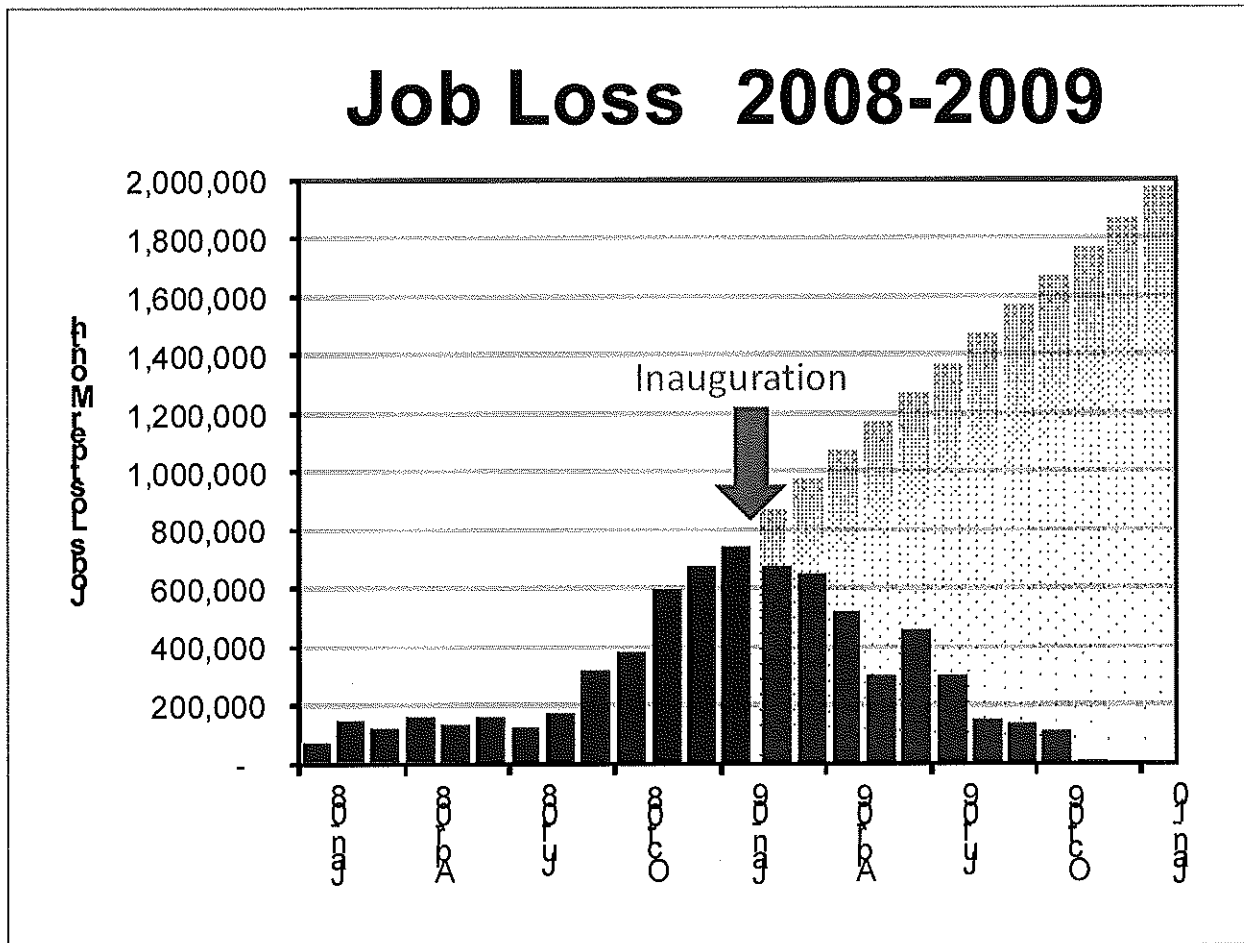
- **\$17.5 Trillion is more than 1.4 times larger than the entire U.S. national debt** (roughly \$12T). So anyone angry about the national debt should be far angrier about the wealth destroyed
- **\$17.5 Trillion is more than one year of the U.S. Gross Domestic Product** (roughly \$14T). Everyone in the United States would have to work for more than one entire year to recover this \$17.5 Trillion of destroyed wealth.
- **\$17.5 Trillion is more than \$57,000 for every man, woman, and child in the United States.** Think for a moment: how much better off our economy would be today if we each had that \$50,000 back?
- Finally, **\$17.5 Trillion is about 200 times larger than the anticipated loss in Fannie and Freddie.**

Let's talk for a moment about the *return on investment* of the stimulus. When the dust settles, the total cost to the taxpayers of the stimulus, TARP, and other emergency interventions in our economy, will be roughly 1 Trillion dollars. In response, household wealth has rebounded by \$5 Trillion dollars.

Now I'm a businessman as well as a scientist, and it seems to me that an investment of roughly 1 Trillion that generates an increase in wealth of 5 Trillion Dollars represents a pretty good return on investment.

## **Job Loss and Unemployment**

One year ago, over 700,000 jobs were being lost each month and the job loss was increasing by 100,000 more jobs lost every month. The economy was spiraling towards another Great Depression. After the passage of the stimulus and other emergency measures to rescue our economy, job losses started decreasing promptly and job growth is set to turn positive by 2010.



Unfortunately, job recovery always takes longer than people would like. Most downturns last 1-2 years if you look at them in the stock market, and 2-3 years if you look at unemployment. That's the way it is. But it is very difficult for a reasonable person to look at this data and conclude that Democratic policies have not been effective at dealing with job loss.

### **How did we get here?**

It is important to understand that the \$17.5T destruction of household wealth that our country just experienced WAS NOT the result of a normal business cycle.

It WAS the result of an ideology-driven deregulation of the financial markets.

Most importantly, it WILL HAPPEN AGAIN if we do not understand and acknowledge what happened and take steps to prevent it from recurring.