

Why not put my 2 cents in ? Here are a few notes that hopefully a couple politicians will take note of:

1. Carried Interest Taxes

Of course it should be taxed at normal income rates because that is what it is. But the bigger issue is the misrepresentation that it will negatively impact investment. That firms will not put as much capital to work because of the higher tax rates. To this I have one word, "nonsense". What else do you think people who run Funds are going to do, work at Dairy Queen ? Get a job at a bank ? Fund managers get in the game because its an opportunity to make huge sums of money. No one is going to look at their business and say "Since I might make only \$60mm instead of \$80mm , I'm out. " Doesn't matter if its 60mm, 6mm or 600k. Fund managers always come from somewhere else because starting and running Funds is a chance to make a lot more money. They left jobs paying income taxes and they can deal with paying income taxes on their fund earnings.

2. Banks Loaning Money to Startups does not Create Jobs

One of the keys to failure in starting a business is borrowing startup funds. Why ? Because startups never work on a schedule and loans always have to be paid back on schedule. It's a huge mistake to borrow money from a bank to get a business going, yet our politicians seem to think that more bank lending to startups is a key to creating new jobs. It's not. In fact, banks are smart enough to realize that unless they can pawn the loan onto someone else, like the Small Business Association, there is no good reason to loan a startup money. Bank loans to startups are job killers, not creators.

3. The Y-Combinator Model is the key to Massive Job Creation

The best way way to create jobs in this economy ? Follow the [Y-Combinator model](#) and make all equity investments up to 250k dollars and held for at least 3 years tax free when sold. If you aren't familiar with how Paul Graham and his competitors do things, you should be. They truly are the ones creating jobs.

Speaking for myself, I have invested 250k or less in 8 or so businesses (some are still in process) in the last 12 months. Now I personally would have done it with or with out a tax break, but the way our economy works, with everyone hacking tax regulations, a tax break will push more people in this direction. The more NON RECOURSE money available to startups, the more startups and jobs created and the more likely a huge employer emerges.

Not only is there a chance a large company is built, there is a chance that the "next big thing" emerges and catches fire, leading to hundreds of thousands of jobs or more being created. I'm hoping that our politicians realize that LUCK is the key to getting unemployment back under 5pct. It's going to take luck for someone to create the idea that we all missed and use angel funding from a source like Y Combinator to turn it into a company(s) that accelerate the economy much like The Internet and the PC Revolution did. If my memory serves me, Michael Dell, Bill Gates, Marc Andreessen weren't out looking for loans from banks to start their companies. They used relatively small amounts of friends and family money. Make those investments tax free and we stand a chance to see the next generation Dell and Gates emerge.

(and no, this isn't contradictory to my carry interest position. The investors should get the tax break, not the people who take a percentage of the profits (the carry interest) the investors would otherwise get paid).

3a. The Mobile Boom Could be a Unique Economic Catalyst if:

The boom in mobile devices and applications is reminiscent of the mid 80s when we had software developers and applications popping up left and right. Faster processors and regular operating system improvements created the same vibrant software ecosystem back then that we are seeing right now (Windows is to Mac in 1985 as Android Apps is to iPhone/iPad Apps in 2010). Which in turn created new jobs and even new industries.

Now is the time to encourage more of the same through tax breaks for small investments and extended holding periods in startups. We may also want to consider encouraging the creation of new Investment Banks that take small to medium size companies public. There has been so much consolidation and contamination in Investment Banking that no one wants to waste time on the \$5mm dollar IPO. Yet that is just what the economy needs to create jobs.

The public markets were once designed to showcase and raise capital for up and coming, exciting companies. Now the only IPOs seem to be chinese companies and the re-flating of highly leveraged Private Equity deals. Selling stock to the public can not only create capital for the company, but it creates visibility as well. When we made the decision to take Broadcast.com public in 1998, we recognized that it was an important capital raise for us, but that it also was an important marketing event as well. Creating national recognition and public shareholder participation through IPOs is a missing link in revitalizing the economy. And who knows, maybe we will get lucky again and there will be a small bubble in a new technology that takes us out of the depths of this recession and accelerates recovery.