"Hi, Virginia."

"Hi, Dad. Where is everybody?"

"Your mother is in the kitchen, helping Perkins arrange flowers for the party tomorrow night. Harris isn't back from the city yet. He took the Mercedes in to get it tuned. Did you get any homework done at Linda's?"

"Yes, we did some math and then watched the President's address on television. Did you watch it?"

"Yes, and everything he said sounded good. I'm glad there's a Republican in office."

"Linda's father really got worked up over how the President said that the economy had improved."

"Why did he get so upset, Virginia?"

"He thinks that the economy is just as bad as it was last year. He says that the government's ideas on helping the economy just don't work. He's unemployed and he says that it's because the President's trickle-down theory doesn't help the average American. What is the trickle-down, Dad?"

"Well, Virginia, I personally think that the concept works. Basically, the trickle-down theory is an economic improvement plan that works in three main stages. The President's trickle-down plan begins when the government gives huge amounts of money to the large corporations in America. This is accomplished through contracts that the government makes with these large companies. In the contracts, the government agrees to buy goods or services from the privately-owned businesses. For example, the jet engine subsidiary of my company receives billions of dollars from the government to build specific kinds of engines. Many other large enterprises also receive government money to pay for special projects, and this is how the trickle-down starts."

"But, Dad, Linda's father says that this doesn't work because most of the money goes to the defense industry or to businesses owned by politicians' friends. Most of the money, he says, just disappears into the big corporations and never gets used in the trickle-down process."

"That's nonsense, Virginia. Your Uncle Howard is the Director of Budgetary Appropriations in Washington, D.C. He says that all of the money goes right where it should. Now then, the second part of the trickle-down theory is the idea that once the large corporations have the government contracts, they will hire small local firms to assist with different phases of the overall project. The smaller firms will be paid either to supply research data
for use by the large company or to make parts for the actual product assembly. In this way, the government money gets distributed to local areas of the economy, and the second stage of the trickle-down is completed. As an example, Virginia, some of the money that my company gets from the government goes to a small firm in Texas, that produces metal hoods for the engines. We also buy micro-chips for the engine flow computer from one of the world's leading makers of silicon chips."

(12) "But, Dad, Linda's father says that the few small firms that do eventually receive contracts are either in the Sun-Belt where the economy doesn't need improvement or in foreign countries where the U.S. economy doesn't receive any benefit."

(13) "Well, Virginia, I'm sure this might happen in a few rare instances, but overall I think things work out very beneficially. Anyway, the final step in the trickle-down process is the distribution of money to the actual workers. The idea is that now, since the small companies have contracts backed by government dollars, they can afford to hire back any laid-off workers and increase the pay of all their employees. This final step gets money into the pockets of American consumers, and as their spending increases, the economy will be strengthened. I think the trickle-down process is one of the best economic ideas ever developed. Do you have any questions about it, Virginia?"

(14) "Yes, Dad. How could it be working when Linda's dad is still out of work, and her family can't even pay all its bills? The trickle-down idea sounds good, but something must be wrong with it. It just doesn't seem to work for everybody, as it's supposed to. Oh well, I'm tired, Dad; I'd better go to bed."

(15) "All right, good night. Stop by my den on your way to bed and turn on the outside lights. I expect Harris back soon, and I don't want him to drive the Mercedes into any trees. And, Virginia, trust me. Trickle-down works exactly as it's supposed to."