



## Stimulus Spending Folly

By Rod Blum

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The Triple Crown of horse racing consists of three races for three-year-old thoroughbred horses: the Kentucky Derby, the Preakness Stakes and the Belmont Stakes. No horse has won the Triple Crown since Affirmed in 1978. Last year Big Brown won the first two legs of the Triple Crown with ease. Mysteriously he finished DEAD LAST in the third and final race. Ends up it wasn't so mysterious after all - Big Brown was on steroids for the first two races; the last race he was not. Steroids gave the horse a short-term boost but actually had detrimental effects on the horse when the drugs were withdrawn.

President Obama's recent \$787 billion stimulus spending program is basically "steroids" for the economy. It may make the economy appear better in the short run but will actually damage our economy in the long run. Much like the "dot-com" bubble in the late 90's and the "real estate/credit" bubble of recent, we are now poised for a "government spending" bubble. And even my liberal friends agree when the government spending spigot is turned down, it will be painful.

The outrageously wasteful government stimulus package is not going to create lasting jobs because it generates an increased demand for products that is temporary. For example, if we owned a restaurant in a city that hosted the Olympics, our business would boom during the Olympics. Would this cause us to put an addition on our building or open another location? No! Would we add more staff? Yes temporarily, until the Olympics were over when our sales would dramatically decrease. The stimulus package is a temporary "feel good" band-aid that will not last.

Some economic stimulus spending by the federal government is acceptable, if the amount is manageable and the projects are worthwhile capital improvements, such as spending on infrastructure that will benefit Americans for generations. Unfortunately most of the Obama/Pelosi stimulus package is pork barrel spending that will do little to drive economic investment. The Wall Street Journal calls the stimulus package a "political wonder" that manages to spend money on just about every pent-up Democratic pork project of the last forty years.

Sadly our children and their children will be paying for this short-term fix because the government is borrowing the \$787 billion to fund the stimulus legislation. This amounts to debt of over \$7100 per household that needs to be paid back by our children - the interest alone is about \$108 million per day. This borders on being immoral.

A person once told me that a recession is when your neighbor loses their job and a depression is when you lose your job. Millions of Americans who have lost their jobs are hurting. Our government can, and should, play a role in speeding the private sector to recovery. But we should do it in a mindful way that does not saddle our children with a crushing burden of debt in the future.

We need to combine one part economic stimulus with three parts of improved long-term incentives that drive long-term economic activity. Long-term incentives include reducing tax rates on work, saving, investment, and risk taking. We need to cut our high tax rates on Main Street business since small business is the job growth engine of our country. Wal-Mart does not need taxpayer help – however Small-Mart does need some long-term incentives to hire more Americans.

And when the economy does recover we need to pay back the costs of a reasonable economic recovery plan. I realize that this means there will be less money for politicians to buy votes but we can't keep mortgaging our kids' futures.