



Written by [Gary Benoit](#) on November 9, 2008

Obama Would Worsen the Financial Mess

Senator Obama claimed that "we need a rescue plan for the middle class that invests in immediate efforts to create jobs" and that this involved the "extension of unemployment insurance benefits," yet another "stimulus plan that will jump-start economic growth," "accelerat[ing] the retooling assistance" for the auto industry, tighter government control of the economy to "ensure that the government's efforts are achieving their central goal of stabilizing financial markets" and a "global response" (whatever that means).



None of that would help.

Generally free-market economists agree that there is nothing that government can do to improve a private economy — except one thing.

President-elect Barack Obama and the Democratic Congress could do one concrete thing to help relieve the credit crunch that has Wall Street so skittish: they could cut spending low enough to balance the federal budget.

Last year the federal deficit took [a record \\$455 billion](#) from the private credit markets to finance congressional deficit spending.

Congress is literally sucking the credit out of the U.S. economy. Nearly half a trillion dollars in loans could finance a lot of homes and business expansion. This year the budget deficit is bound to be much higher without spending cuts.

Instead Congress last month did the opposite. Lawmakers passed a \$700 billion "bailout" plan (as part of an \$850 billion bill) that will add to the deficit and further limit the credit available to homeowners and businessmen. Meanwhile, the [national debt clock ran out of numbers](#).

Obama's not only failing to help, his proposals would make the economic crisis worse if they are enacted.

It's worth noting that the "leadership" from both major presidential parties only made things worse. Senators John McCain and Barack Obama (and soon-to-be Vice President Joe Biden) [voted](#) for the bill that continued the stock market sell-off frenzy. Despite the promise on John McCain's official presidential website — "No taxpayer money should bail out real estate speculators or financial market participants who failed to perform due diligence in assessing credit risks" — he voted for just that when he voted in favor of the bill.

Barack Obama currently has no plans to make any significant cuts in existing federal programs and instead has [proposed](#) even a larger array of costly government programs:

- \$25 billion State Growth Fund
- \$25 billion in a Jobs and Growth Fund



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- \$150 billion for "clean energy"
- \$60 billion for a new National Infrastructure Reinvestment Bank
- \$1.5 billion new fund for "paid leave"

This is only a small sampling of the new spending Obama proposed during his campaign.

President-elect Obama needs to learn that the only "rescue plan for the middle class that invests in immediate efforts to create jobs" is a series of swift and deep federal spending cuts.

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