



## Stimulating Government, Not the Economy

*In addition, the stimulus package would offer a hefty subsidy to help laid-off workers retain the same health plans they had from their former employers.*

**ITEM:** *President Barack Obama spoke to the House Democratic Caucus Issues retreat at Kingsmill Resort, in Williamsburg, Virginia, on February 5 about his so-called stimulus package being pushed through Congress. Obama remarked:*



*Then there's the argument, well, this is full of pet projects.... And when you start asking, well, what is it exactly that is such a problem that you're seeing, where's all this waste and spending? Well, you know, you want to replace the federal fleet with hybrid cars. Well, why wouldn't we want to do that? (Laughter.) That creates jobs for people who make those cars. It saves the federal government energy. It saves the taxpayers energy. (Applause.)*

*So then you get the argument, well, this is not a stimulus bill, this is a spending bill. What do you think a stimulus is? (Laughter and applause.) That's the whole point. No, seriously. (Laughter.)*

**CORRECTION:** We're in for a long and bitter haul when the policy planners and lawmakers of the majority party in both the legislative and executive branches think it uproariously ridiculous that there are still Americans who don't believe that we can spend ourselves into affluence. We have too much debt caused by too much government spending and borrowing, so the solution is to borrow more and spend even more, just harder — or so goes the prevalent theory in Washington.

The president seems to think that every single dollar spent by the government stimulates the economy somehow — as if that dollar didn't have to be first earned by someone else, then taken away via taxation or inflation that is caused through the creation of new money or in the issuance of new debt. But the government's money creation and borrowing, whether statist lawmakers find this comical or not, does not introduce new wealth into the system. That wealth has to come from somewhere. Each dollar that the government decides to use for its own political purposes is one less that is available for private interests to invest in something that might create a wealth-producing, not wealth-redistributing, job.

The problem facing America, we once were told, was that we demanded everything now and we were not willing to save until we could afford these purchases. The old complaint was that "we were allowed



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and even encouraged to spend without limits, to borrow instead of save." That was candidate Obama last October.

By February, President Obama was swearing that unless his spending and debt spree positively flew through the legislature, the country faced a crisis "that we may not be able to reverse."

The wild binge in the first weeks of the new administration shows that the government is not going to be cutting down on its spending — just the opposite in fact — so middle-class taxpayers are going to have to cut down on theirs.

The energy and health provisions in the bloated "stimulus" package that made their way through Capitol Hill are just a couple of broad examples of how profligacy has become the accepted wisdom in D.C. The main thing being stimulated is the growth and meddlesome nature of government.

### **Debilitating Our Health**

Is the rising cost of healthcare a problem for many, if not most, Americans? Yes. Leaving aside the vital fact that those costs have been driven up by the government, consider the current trend. Former Secretary of Health and Human Services Michael Leavitt has projected that, without true reform, over the next two decades spending on healthcare will inflict even more pain. The healthcare price tag for the average U.S. household can be expected to rise, when taxes for Medicaid and Medicare are included, from 23 percent to 41 percent. President Obama's would-be solutions would push costs even higher for the taxpayers.

The so-called stimulus package that was passed is not only excessive and counterproductive, but it is also another injurious step toward socializing healthcare. As pointed out by Senator Tom Coburn (R-Okla.): "Less than 10% of the bill could be considered true stimulus, if one assumes tax credits and infrastructure spending will jolt the economy. The other 90% of the bill represents one of the most egregious acts of generational theft in our nation's history, with taxpayer money going to special-interest earmarks, an ill-conceived bailout to states, and permanent spending increases that expand government's reach in areas like health care and education."

Coburn cited additional healthcare intrusions: "The Senate bill doubles the amount of the Medicaid bailout requested by governors and lays the groundwork for government-run health care, which invariably leads to rationing. This ideological overreach has led even some Democrats, like Nebraska's Ben Nelson, to express concern that various 'sacred cows' in the package are hurting the bill's overall goals."

For instance, in one version, there was about \$86 billion for Medicaid — healthcare for the "poor" that is funded by a marvelous formula that ensures that the more the state governments spend, the more they receive from the federal government.

Medicaid, as noted by the *Wall Street Journal*,

is nominally a joint state-federal program, but the feds pick up 57% of the Medicaid bill on average and are willing to go as high as 82% in some states. In other words, Democrats want to bail out the states that make unaffordable health-care promises and haven't tried to control costs. This latest rescue will give Governors more incentive to do so, given that the more they spend, the more Congress pays....

### **Sapping Our Energy**

Obama said his energy plan "will begin to end the tyranny of oil in our time. It doubles our capacity to



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generate alternative sources of energy like wind, solar, and biofuels in three years. It saves taxpayers billions of dollars by making federal buildings more energy efficient, and it saves the average working family hundreds on their energy bills. After decades of empty rhetoric, that is the down payment that we need on energy independence." Obama is partly correct.

Many successive presidents have promised to end American dependence on foreign oil, especially since the oil embargo of 1973. Here's the bottom line: in 1970, the United States imported 23.3 percent of the crude oil and petroleum products consumed in this country, according to the American Petroleum Institute. By 2008, imports of those products amounted to 66.2 percent of domestic consumption. But while mocking the "empty rhetoric" of his predecessors, Obama seemingly issued bombast of his own — a difference without a distinction.

The winds of change may be blowing in Washington, but they're not going to be powering very much very soon in the rest of the country. After reviewing a number of energy boondoggles, *Forbes* said, "The U.S. Department of Energy has spent \$57.5 billion over the past 30 years researching and developing clean energy technologies. In all that time the nation's energy portfolio has barely budged. Fossil fuel as a share of our energy supply has fallen from 93% in 1973 to 85% today. Almost all of that drop is attributable to the growth of nuclear power."

Yet, the spending/stimulus package even included provisions for millions of dollars to build parking lots into which hybrid cars can be plugged. That's just for starters. Billions more are thrown at almost guaranteed money-losing projects. Most of these monies, pointed out the *Wall Street Journal*, "will go to such things as renewable energy funding (\$8 billion) or mass transit (\$6 billion) that have a low or negative return on investment.

Perhaps Obama will be able to match President Carter's Synthetic Fuels Corporation that expended at least \$19 billion in tax monies and produced absolutely nothing as an alternative to oil and gas.

Obama, in his inaugural, said that Americans are about to enter "a new age of responsibility," then had the chutzpah to push for at least a trillion dollars in new debt and spending — trying to escape tomorrow's responsibilities by evading them today.

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