



Written by [Gary Benoit](#) on February 3, 2009

Stimulus: More Spending or More Tax Cuts?

On the ABC program [This Week for February 1](#), Republican Senator Jim DeMint (S.C.) argued on behalf of cutting taxes. "I think all of us support the fact that we need to do something," he said. "And all of us believe that the way to move our economy forward and protect jobs is to infuse more money so that consumers have more to spend, businesses have more to invest, buy capital equipment. But there are two ways to do that.... One is for the government to take it out of the private sector through taxes and then decide where it's going to go through political manipulation, as they've done in the House. The other is just to leave more money in the private sector for consumers to spend and businesses to invest. And that's the American way. And that's — that's the approach we're pushing."



Regarding the stimulus bill as presently constituted, DeMint said: "This plan is a spending plan. It's not a stimulus plan. It's temporary, and it's wasteful. And a lot of the spending is going to end up being permanent."

Appearing on the same *This Week* program with DeMint was Democrat Congressman Barney Frank (Mass.), who advocated government spending. "As far as spending versus tax cuts [are concerned]," Frank argued, "I think we need to fix some highways and bridges. I never saw a tax cut fix a bridge. I never saw a tax cut give us more public transportation. The fact is, we need a mix." The "mix" in the House-passed \$819 billion stimulus bill, which Frank supported, emphasized spending over tax cuts by a ratio of about two to one.

Frank continued: "We need — and I think we've suffered from an extremism in this country in the past of relying only on private-sector activity and having too little government. It's possible to have too much government, no question. But it's possible to have too little. And some parts of this stimulus — extending unemployment benefits, helping with food stamps — you know, we have two purposes here. One is to stimulate the overall economy. The other is to go to the aid of some people who, through no fault of their own, have been damaged."

Based on the positions expressed by Jim DeMint and Barney Frank on the question of tax cuts vs. government spending, it would appear that DeMint supports less government and Frank supports big government. However, cutting taxes as DeMint advocates would translate into less government only if spending is cut as well. If taxes are cut without cutting government spending, the government would simply borrow more money to make up the difference. And more money would be created out of thin air by the Federal Reserve, devaluing the money in circulation and causing prices to rise.

But generally speaking, Senator DeMint and his fellow Republicans are not talking about *lowering taxes*



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through less government in order to stimulate the economy.

An exception is Republican Congressman Ron Paul (Texas), who opposed the stimulus package in the House. In a [recent *Texas Straight Talk* column](#), Paul advocated cutting both taxes and government spending. Regarding the former, he said: "Ideally, we would repeal the income tax altogether and get the IRS off the economy's back, which would be a huge boon." And regarding the latter, he advocated: "Cut every unconstitutional department and program, every wasteful governmental encroachment on the people's liberty and money, starting with our massive overseas empire. The cost of our empire is bringing us to our knees, just as the Soviets' empire did to them."

But the stimulus bill now before the Congress calls for more government, not less. And though Republicans as a group are advocating tax cuts, they are not advocating corresponding cuts in government spending.



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