



Written by [Steven J. DuBord](#) on October 22, 2009

House Considering Economic Stimulus

Despite record-setting federal deficits, the House is considering how it can continue stimulating the economy without calling it a “stimulus.”

By dumping money into separate measures instead of one big bill, negative publicity may be avoided. “It is not the plan to put it all in a bill and move forward. Because we do not have plans for an additional stimulus package,” House Speaker Nancy Pelosi (D-Calif.) told reporters. “We do have plans to stimulate the economy in the work that we are doing.”



Pelosi made the remarks after House leaders met for four hours on October 21 with a group of five economists. Pelosi had called the economists to Washington, so it is no surprise that they all happened to believe President Obama’s \$787-billion stimulus package actually helped the economy. The economists conveniently dismiss the fact that Obama claimed the stimulus would hold unemployment in check, yet the jobless rate has shot to 9.8 percent and is headed for the 10-percent mark.

Mark Zandi, chief economist for Moody’s Economy.com, stated that “the possibilities of the economy slipping back into recession next year remains uncomfortably high.” Thus he thinks it is “very important for policy makers to remain aggressive and continue to do more.”

Robert Kuttner, co-founder of the liberal American Prospect, claimed: “We’ve avoided a great depression. But we are still at risk of a great stagnation. Just about everyone in that room feels that there needs to be more stimulus, and not after the State of the Union [address], but very soon.”

Republicans, however, see the continued economic troubles and the talk of further spending as signs that Obama’s stimulus failed. Undeterred by such logic, Democrats looked for more ways to open the federal spigots and let the cash flow.

Pelosi mentioned that House Appropriations Committee Chairman David Obey (D-Wisc.) had given her “an array” of spending ideas the day before the meeting. She also said that House Transportation and Infrastructure Committee Chairman James Oberstar (D-Minn.) is seeking more spending on projects related to his committee. The *Washington Post* for October 21 [pointed out](#) that “Democrats are also considering new tax breaks for businesses that save or create jobs.”

The five economists offered some of their own ideas, including more aid for states that are expected to be hit by budget deficits totaling \$350 billion during the next three years. They also would like to see money repaid from bailed-out banks used to assist community banks, encourage small business loans, and help homeowners to avoid foreclosure.

While the economists encouraged spending on the one hand, they voiced concern about the ever-growing federal deficit on the other hand. With last year’s deficit pegged at \$1.4 trillion and this year’s expected to be in the same range, the time is rapidly approaching when this load will become unsustainable.



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One wonders how the dire nature of the deficit can be acknowledged, yet spending even more money is still the order of the day. Perhaps Pelosi should have called some traditional free-market economists to her meeting, such as those who contribute to the websites of the [Ludwig von Mises Institute](#), the [Heritage Foundation](#), the [Heartland Institute](#), the [Foundation for Economic Education](#), or the [Competitive Enterprise Institute](#).

They at least would have told Pelosi that the first thing you do when you are in a hole is stop digging.



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