



Gov. Mark Sanford on Stimulus, Economy

Before Sanford was governor, he spent six years in Congress where he earned straight “A” ratings from the National Taxpayers Association, the National Rifle Association, and the Gun Owners of America. He was also often one of the few dissenting votes alongside Congressman Ron Paul. That is not to say that Governor Sanford voted exactly like Ron Paul. *The New American’s* Freedom Index (then referred to as the “Conservative Index”) score for Sanford’s time in Congress was a cumulative 78 percent whereas Ron Paul consistently scores 100 percent. In more recent times, Sanford has been praised by the American Conservative Union as the “Most Conservative Governor in America.”



Gov. Sanford took time out of his schedule to sit down and talk with *The New American* about the economy, President Obama, and how America can return to its constitutional roots.

The New American: *You’ve really stood out from other critics of Obama’s stimulus plan in your analysis, which explains not only how it won’t help the economy but that it will definitely hurt it. Would you like to summarize your viewpoint on that?*

Governor Mark Sanford: I would summarize it this way. You break your leg tomorrow, and they can give you a bunch of anesthetics which will make you feel okay. You won’t be able to feel the pain. It’ll feel like it’s fine but it’s still broken. With those anesthetics, you might even be able to walk on it and not feel the pain, but you’re liable to do more harm to yourself. And no matter how you cut it, how many pills or shots you take, it’s going to take six weeks to heal your broken leg. So, we have a problem in that debt has grown at three times the rate of the economy in the last 15 years, and we’re going to go through a deleveraging. And it’s going to be painful, and there’s no getting around that. You can take a bunch of medicines that might make it feel like we’re not deleveraging and make it feel as if the problem is going away, but that’s not reality.

So, my concern to that is several fold. One, the history of these kinds of things is that they make the problem worse, not better. They tend to deepen and elongate the severity of the downturn because what they do is they freeze up the real driver of our economy, which is the private market, the free-enterprise system. If you stick any two business guys in a room and you say, “Look, I give you two sticks and the rules of the game are whoever rubs the two sticks the longest and the quickest and makes a fire first wins.” They’ll sit there and rub the sticks because they know what the rules of the game are. But nobody has any clue as to what the rules are going forward, as there’s been one stimulus and one bailout measure after another. And that kind of uncertainty freezes up private capital which is the real driver of our economy. That has not been the intended consequence of different policymakers from Washington, but that has been the consequence.



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And so I say it's going to make our problems worse with the way it freezes up private capital. It's going to make our problems worse because the problem of too much debt cannot be solved with more debt. It's going to make our problems worse because we're at a tipping point with regards to the value of the currency, and if you print enough of anything, you cheapen it. We're out there running the printing press essentially on a currency and we're cheapening it. You can go back to the 1920s with what happened to Argentina. You can go back to the time between World War I and World War II when it happened in the Weimar Republic in Germany. When it happened there, you needed a wheelbarrow load of currency to get so much as a loaf of bread. We're nearing a very scary tipping point, the point at which the international markets stop buying our debt. You know that 49 percent of all the Treasury bills were bought by foreign governments, sovereign governments, et cetera ... folks that were not American, ain't no particular allegiance to America. So we get to that point where they stop buying, and all of a sudden, the currency free falls, and we have inflation and you just undid all the stimulative efforts that have taken place over this last year. So I think it's bad from that standpoint.

I think it's bad from the standpoint of us getting away from what made this country great: people taking chances, taking risks, working hard. If they create a great product or great service, they're rewarded for it and if not, they're penalized. We're moving closer to a savior-based economy where if you've got the right connections to the guy at the top, then you're going to be okay, but if you don't, you're out of luck. Thousands of businesses fail each year in America and everybody figures that's part of the process. Now we've got folks saying, "Well, a third round with AIG and a second round with GM..." At some point, it's like with a boy crying wolf. I mean, when do we stop believing the notion that economic prosperity can be directed upon high from Washington, D.C.? That has never been the hallmark of what made this country great.

TNA: *A lot of people keep saying that it's the role of the president to "fix the economy," although it's not the president's constitutional role, but how would you suggest the president go about "fixing the economy?" You mentioned deleveraging. Should the president just allow the deleveraging to happen?*

Gov. Sanford: It's going to happen. It's not a question of him "allowing" it to happen. It's going to happen. First, you need to be honest with the American public with where we are and how we got to the problem we're in. The bottom line is that through Fed policy and easy money, through Freddie and Fannie, or through requirements on banks to lend to folks who had no capacity to pay it back, there has been a lot of government action that led us to where we are. And now we're going to pay the piper for those actions. There's no free lunch in life. It's something my wife and I have tried to teach our four boys. It's something we all learned through the school of hard knocks in life. There are consequences to every action.

Everyone has become the equivalent of a pastry chef in the world of politics: "If you don't like this theory, how about this one?" I don't think that is how one really gets to the pursuit of happiness that the Founders dreamed of. I think that one of the other things that a person has to do is think more holistically when thinking of economic stimulus. Economic stimulus does not equal writing a bunch of checks on an account that doesn't have money in it from Washington, D.C. If it were that simple, then Zimbabwe would be an outrageously prosperous place based on printing money that they don't have. You've got to look long term, not short term. You've got to look at what are the ingredients that create economic growth. How competitive is our economic climate versus the other economic climates on something like "card check" [the ease of forming a union in the workplace]? Where are we on trade policy versus a lot of other places around the globe? Where are we on tax policy? You look at the way



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markets have been reacting to the stimulus proposals to take hundreds of billions of dollars out of the private sector and put them into the public sector, and they don't seem to be responding very well.

TNA: *Speaking of the stimulus, there was talk of rejecting the stimulus money. Are you accepting any of the stimulus money intended for South Carolina, and if you are, which part are you accepting?*

Gov. Sanford: We're going to go through stimulus legislation with a fine-tooth comb in looking at what makes sense and what doesn't make sense, and we're going to come out with where we are on that. It will be examined philosophically and practically, and we're not through with our deliberation on that. I can unequivocally say we will not be accepting all the money. [For an update on the governor's decision, [click here](#).]

TNA: *Obama's deficit spending is worrisome, but the unfunded liabilities of U.S. entitlements, like Social Security, Medicare, and Medicaid are a ticking time bomb getting ever closer to detonation as the baby boomers retire. How do you propose America deal with the upcoming entitlement problem?*

Gov. Sanford: David Walker is the former comptroller general of the United States and he joined up with Pete Peterson on something of a fiscal wake-up tour around the country talking about the course we're on and how unsustainable it is. I would say we've got to act soon because time is not in our favor on this one. It's pretty simple. There's no easy way out. You've got to cut benefits or raise taxes. Or you can do what we've been doing: borrowing money, but borrowing money is just a deferred tax. I fall under the school that says if you look at the larger notion of the competitiveness of this country versus other economies around the globe, we will never become more competitive by raising taxes and taking more from the private sector and putting it into the public sector.

It's projected right now that we're supposed to run a deficit of around 12 percent of GDP this year. That is insane. Those are the kind of numbers you would see in a banana republic, and that's where we're headed this year. If you look at the numbers long-term, government's percentage of the overall economy has been fairly consistent since World War II at about 20 percent. Tax rates could go up or down, but the overall take by government was around 20 percent of the GDP. It is projected to go up in the Obama administration to 28 percent of GDP, which is close to a WWII high and is a very scary number. I think it would be a real mistake to raise taxes because if you raise it on the young, you will have a cross-generational wealth-transfer payment which doesn't make a whole lot of sense, and it also causes our ability to compete with the rest of the world to deteriorate. I would just say there's going to be a lot of temptation to raise taxes, which I think is the easier political remedy, but that would be a huge mistake.

TNA: *You have gone on record as saying that you do not support preemptive warfare. One of the biggest expenses our country faces is so-called "defense" spending, used to maintain U.S. military forces around the globe. Obama was perceived as the peace candidate on the election trail, but he is already escalating the Afghanistan war by 17,000 troops. He also plans to station up to 50,000 troops in Iraq through 2011, and maintain all our numerous other commitments around the world. With so many economic problems facing our nation, do you think we can afford to continue the same big-government foreign policy?*

Gov. Sanford: I think the answer is that our economic conditions are going to drive a change there. Paul Kennedy wrote an interesting book called *The Rise and Fall of the Great Powers*, and he talked about how economic supremacy was a precursor to military supremacy and that any government who tried to sustain one without the other ultimately fell. The Soviet Union ran very significant military



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expenditures that they couldn't sustain based on where their economy was — what Kennedy called “imperial overstretch.” It's the tendency of every national power to at some point get there. Britain got there many years ago. We got there a long time ago.

We're going to have to look very deliberately to see what things are in our strategic interest, and they are there, as well as what things have tactical impact and what things have long outlived their usefulness. For instance, we have more than 40,000 soldiers on the DMZ (Demilitarized Zone) in Korea versus a million in North Korea. The real deterrent to an attack by North Korea is not whether 40,000 Americans are or are not there. The real deterrent is the fact that if you cross the DMZ, America is getting involved whether it's with cruise missiles or shells fired from a frigate. There's going to be a real world impact. So I think we need to look painstakingly at what the real deterrent is in many of these cases and whether or not some of these things we've done for 40 or 50 years have a real practical effect.

TNA: *On a similar foreign policy question, both President Barack Obama and Vice President Joe Biden have been vocal supporters of Georgia joining NATO, which would mean that should Georgia and Russia again become embroiled in a military conflict, we would go to war against Russia. Do you think this is a wise policy stance?*

Gov. Sanford: I've really not looked at that one. I'm a southern governor watching the budget in South Carolina and have not really looked at that one.

TNA: *When you were in Congress, you had a record as a firm defender of the U.S. Constitution. Do you feel that most of the problems America now faces are because it has moved away from its constitutional restraints on government?*

Gov. Sanford: Yes, I think the Founding Fathers were remarkably wise men who were painstakingly detailed in looking at the nature of man, looking at the needs for checks and balances within our political system and instituting them. A lot of the things we've gotten into ... I remember myself and Tom Campbell being lonely votes against the war in Bosnia because it was really not the constitutional power of the president to send people off to war and because the body bags don't go back to the Pentagon but to the congressional districts across this country. I do believe America has slipped to where we are as a result of this. Once you move away from the playbook that says government is limited in these ways, there is no end to all the “good” that government can or might do. I do think that adhering to the constitutional moorings is not only important from a standpoint of a limited focus and functioning federal government, it's also important to the sustainability of our Republic.

TNA: *There has been a recent movement, referred to as the “[Tenth Amendment Movement](#),” or the “State Sovereignty Movement,” which is a movement to restore the balance of power between the states and the federal government within the union in accordance with the Tenth Amendment of the Constitution (all powers not specifically enumerated to the federal government are reserved to the states). I wanted to get your thoughts on this.*

Gov. Sanford: I love the concept. I think it's going to take more than just a couple of state legislative bodies passing resolutions to draw a lot of attention. It will take a lot of people marching not just on their state houses but also on Washington, D.C., insisting that the Constitution be obeyed, because until that happens, those provisions will be quietly ignored and the federal government will continue to grow.

See also “[Obama & Sanford Spar Over Stimulus Funds](#).”



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