

Ignoring the **Laws of Economics**

If there is anyone unaware that our nation is mired in an economic slowdown, it would be quite surprising. The dollar's value is shrinking; government's cost is rising; and "somebody ought to do something" is the cry of the hour. So, House leaders agreed on January 24 to send the American people a gift (they call it a rebate) of up to \$1,200 for married couples plus \$300 per child. Senate leaders are working on a similar proposal and the expectation is that it will



be signed by President Bush in mid-February. Checks will be delivered by mid-June. Thus, a government already heavily in debt will dig itself more deeply into an enormous hole.

The total package under consideration would dole out \$100 billion in rebates to individuals and about \$50 billion in business tax cuts. Some senators are even considering extending the 26-week unemployment benefit already being received by many whose lost jobs can, in many cases, be attributed to too much government in the first place. It would be wonderful if we could awaken and discover that what our government is planning to do is only a bad dream. But it's not a dream; they really intend to send 116 million families some money. The problem is that the government doesn't have any money to send. Not only have there been huge deficits year after year, the nation is in the grip of an accumulated indebtedness that reaches an admitted \$9 trillion. And when unfunded obligations into the future are added, as they should be, the debt approaches an astronomical \$20 trillion. Will more indebtedness solve the problem? Of course not!

Pointing his economically astute finger at government leaders of both parties, Texas Congressman Ron Paul recently commented on the planned giveaway as he told radio host Glenn Beck that government leaders "either have to borrow it from China or print it." Borrowing incurs interest payments in addition to adding to the burden faced by today's children, all of whom will be saddled with the prospect of paying off these loans. Also, borrowing from China places the entire nation's future in the hands of sworn enemies. And printing more money will lower the value of all existing money, while simultaneously impacting the value of insurance policies, retirement investments, and anything else denominated in dollars. This is sheer madness. But it continues as if it were the height of brilliance.

The weakening of the dollar and the rising cost of government programs are the main causes of the economic slowdown. Addressing these problems is needed. Few want to admit that

our nation is in a recession, but that's where we are. And with their newly announced plans to address the malaise, congressional leaders — eagerly backed by President Bush — are in effect throwing gasoline on an already blazing fire.

Immediately after learning about the Pelosi-Boehner agreement helped into existence by Treasury Secretary Henry Paulson, Congressman Paul proposed a completely different economic stimulus package. Its four parts include such

sensible recommendations as reducing the enormous cost of having U.S. forces defend Europe, Japan, and South Korea. He also wants to end the American presence in Iraq. "We could save hundreds of billions of dollars" with just these sensible steps, says the Texas congressman.

But there's more. The United States, says the 10-term congressman, should freeze all non-defense and non-entitlement spending; eliminate taxes on dividends, savings, Social Security benefits, capital gains, tips, and estates; repeal the Sarbanes-Oxley mandates that push companies to seek capital outside our country; repeal unnecessary and costly federal regulations that stifle business and send jobs overseas; and end Federal Reserve secrecy by televising its important sessions and forcing the publication of the amount of currency it continually creates out of nothing, the M-3 money stock figures.

All of this makes elementary good sense. If government were on a diet, the value of the dollar wouldn't be shrinking. That would be a much sounder step toward helping the American people than delivering more weakened dollars hither and yon. It would not see our nation become beholden to communist China or any other lender. As Ron Paul pointed out, every newly borrowed dollar weakens our nation, and every newly printed dollar very quickly "buys 80 cents, worth of goods instead of a dollar's worth."

By the time you read this, President Bush will have delivered his State of the Union speech in which he will endorse the wrong-headed congressional stimulus package. And the Super Tuesday primary will have likely further narrowed the races for presidential nominations. While it's comforting to know that someone who is seeking the presidency understands basic economics and is willing to obey its laws, it's very unsettling to know how lonely Ron Paul is among presidential aspirants. As he says, "I just want to make sure we wake up before the dollar totally collapses." Many can ignore what he says, but none can disagree with what he offers once pinned down to facing economic realities. ■