



American Federation of Teachers, Local 212

Milwaukee Area Technical College

F O R U M

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Stimulus Package Falls Short

In the February newsletter, President Rosen wrote about the “Stimulus Package. He was critical because he believed the package did not spend enough money, and his analysis included this sentence: “This plan is irresponsible because *we know* that tax cuts create many fewer jobs than direct government investment.” I am uncertain who he was referencing when he said “*we know ...*” but here is a short list of groups of people who think differently on that statement and on the stimulus bill:

- The investment community: Since November 4 when President Obama was elected the stock market has declined over 3, 000 points and over 1,400 points since he took office.
- 200 economists who took out full-page ads advising against the stimulus:
“Notwithstanding reports that all economists are now Keynesians and that we all support a big increase in the burden of government, we do not believe that more government spending is a way to improve economic performance.... To improve the economy, policy makers should focus on reforms that remove impediments to work, saving, investment and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.”
- Those who study history: President Roosevelt tried to stimulate the economy with government spending. In eight years, the unemployment rate did not decline even a tenth of a percent.
- Those who study history: Tax cuts stimulated the economy when enacted by President Kennedy in the 1960’s. Tax cuts initiated by President Reagan brought 20 years of the greatest economic growth in the history of our country. Tax cuts initiated by President Bush brought us out of the declining economy of the last years of President Clinton and the aftershock of 9/11 to produce 6 years of steady growth and increased federal revenues until undone by the housing market.
- Those who study history: Argentina, formerly an economic powerhouse, was devastated by the onslaught of socialism initiated by the Peron’s. The changes that sunk Argentina sound familiar: large social spending, elaborate welfare programs, protectionism, heavy taxation and large deficits. Peron used class warfare rhetoric and attacked big business, the banks and corporations. Inflation and interest rates soared, the middle class was wiped out, and the country has never recovered.

The stimulus bill was passed in such a hurry; all of a sudden the message of “hope” became a message of fear. It had to be passed right away! So it was rushed through without allowing the people any time to find out what was contained in the bill (Obama promised 5 days for public scrutiny for all bills but failed on that promise) – not even enough time to allow Congress to read all 1,000 pages. Clearly – one reason for the rush was this: if the people truly knew what was in the bill, they would have risen up against it.

And is it any wonder that the market goes down every time the Administration makes an announcement? Every action taken or proposed is anti-business: higher taxes on individuals and businesses, disastrous plans for energy including the “cap and tax” plan, restrictions on trade – the same idea that sank the ship in 1930, monstrous deficits, bailouts of irresponsible businesses and individuals, punishing those who play by the rules and rewarding those who act irresponsibly. When he was in Congress President Obama was deemed to be the most left-wing member of the entire congress; thus it is consistent with past behavior that he now is promoting a socialist agenda in both the stimulus plan and his budget, one that would take the entire country much further left than it has ever been before.

Consider Newsweek magazine, in apparent approval: “We are all socialists now.” Apparently they believe that Eastern Europe is the model we should now follow. It is utterly amazing that it has all happened so quickly; policies that could haunt us for decades and become a millstone around the necks of our children have been whipped through at breakneck speed.

No country has ever been successful in taxing itself into prosperity and it won’t happen here either. It hasn’t taken long for “hope” to be replaced by fear. Don’t expect your retirement accounts to rebound anytime soon.

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