

## Do we need a second stimulus? Maybe for small business

July 9, 2:28 PM · Bobbie Wood - Menlo Park Progressive Examiner

According to [the NYT](#), calls have begun for a second stimulus from the federal government since the first, [the American Reinvestment and Recovery Act](#) of Feb. 2009, has produced lackluster results. The Obama Administration told the public the stimulus should produce 600,000 jobs by summer, and create or save a total of 3.5 million jobs over two years. Job creation estimates have come in around 150,000 so far. The official administration response is that the stimulus still needs time to work. It was intended to be a two-year package, only a portion has been spent so far, and greater results should come in over time. But some experts have said the economy has not responded as expected and job losses have continued because the stimulus package was too small.

The debate continues from fiscal conservatives who argue that no one should expect government spending to solve a severe downturn. Even today, there is no consensus that the New Deal spending actually resolved the depression crisis of the 1930s, some even say it exacerbated the problem. [According to Jim Powell](#), senior fellow at the Cato Institute:

What about the good supposedly done by New Deal spending programs? These didn't increase the number of jobs in the economy, because the money spent on New Deal projects came from taxpayers who consequently had less money to spend on food, coats, cars, books and other things that would have stimulated the economy. This is a classic case of the seen versus the unseen -- we can see the jobs created by New Deal spending, but we cannot see jobs destroyed by New Deal taxing.

Many argue that the end of the Depression actually came about at the end of WWII. Troops returned and the command economy required for the war effort ended. The economy expanded with a huge increase in consumer spending and a return to consumer production. This recession bears zero resemblance to the 1930s and 40s. Today, people have already overspent, therefore the economy cannot be saved by an expansion of consumer spending.

So what is the correct response? Republicans and fiscal conservatives argue that the stimulus was a mistake and that more tax cuts are needed to free up the economy to fix itself. The White House says wait and see. [A number of prominent economists](#) thought the stimulus was too small to begin with and call for another. [According to a Bloomberg report](#), \$12.8 trillion has already been committed to date, an amount nearing the country's GDP for an entire year. Still, on Thursday, billionaire [Warren Buffet](#) [called for a second stimulus](#). He feels the stimulus has done too little and gone to too many politician's pet projects. MSN Money summarized the economy today:

The unemployment rate is at a 26-year high of 9.5% and is expected to reach 10% before the year's end. More than 14.7 million people are unemployed. The number of folks struggling to find work jumps to 25.5 million after adding all the Americans who have either given up looking for work or are stuck in part-time or temporary jobs due to the unavailability of full-time employment.

Without a recovery in consumer spending, the economy will continue its downward spiral. The [GDP declined about 5.5% in the first quarter](#) of this year, due in large part to consumer cutbacks.

The government is hoping that private money will follow its public investments. In theory, funds for stimulus projects should flow to businesses spurring them to increase spending and create more jobs, ultimately leading to a recovery in consumer spending. But, so far, the economy hasn't seen much in the way of a consumer spending boost

If we reach the point where a second stimulus package is required, if we take the nation and our citizens even further into debt (currently at [\\$668,621 per household](#) and \$11.5 trillion in national debt), make sure the funds go to the sector where we'll feel the biggest impact. Not to the bankers. Not to state or local governments. Fund new and small businesses in green innovation, new technology, energy innovation, and the myriad businesses that create and maintain communities. Fund the everyday people who don't work for large corporations or government, the small businesses that make up 50% of US GDP. Spend the money where it matters.

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